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FOREIGN AFFAIRS

Europe through the mirror of Islam

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World News

De Klerk to crack down on township violence

Tough measures to combat violence in South Africa's black townships and homelands were announced by President F.W. de Klerk, who added a warning that more people might be detained under the country's harsh security laws. Page 20

Poindexter jury out

A US jury began deliberations on whether former national security adviser John Poindexter is guilty of withholding details of the Iran-Contra affair from Congress.

Struggle for jail

Prison-officers began to regain control of riot-torn Strangeways jail in Manchester, north-west England, but a hard core of 120 inmates was still defiantly occupying five blocks. Page 8

Moscow worried

An eightfold rise in draft-dodging in Lithuania and elsewhere, inspired by growing nationalism, is causing alarm in the Soviet armed forces. Page 2

Mozambique hope

Right-wing Mozambican rebels welcomed the Government's offer of talks to end 14 years of civil war.

Osaka barges collide

Three barges transporting people around an international flower show in the western Japanese city of Osaka collided on an overhead waterway, injuring 23 passengers.

Atwater in hospital

Lee Atwater, 39, campaign manager for President George Bush in the 1988 election, entered a New York hospital for radiation treatment designed to prevent growth of a brain tumour.

Gorbachev pledge

President Gorbachev promised better maternity and infant care and an improved lifestyle for Soviet women.

East German quits

East German Social Democratic leader Ibrahim Böhme, resigned after failing to clear allegations that he was a security police informer. Page 2

Zimbabwe split

There are increasing signs of disagreement among leaders of the ruling Zimbabwe African National Union over a one-party state. Page 4

Clean air charter

The most far-reaching clean air legislation in US history is today expected to surmount the crucial hurdle of approval by the Senate. Page 5

Belgians charged

Two Belgians, one the country's most wanted criminal, have been charged with kidnapping former Prime Minister Paul van den Boeynants.

Ceausescu denial

Nicolae Andruta Ceausescu, younger brother of the executed Romanian dictator, denied in court that he murdered seven people during last December's revolution.

Chagalls for Israel

Jerusalem's mayor Teddy Kollek returned from Paris clutching five suitcases filled with 200 works of art by the late Marc Chagall, promised to Israel 20 years ago.

Paris derailment

An empty Paris passenger train jumped a platform and smashed into a food stand at the Gare d'Austerlitz station but no one was hurt.

Easy does it

Wearing bullet-proof vests and protected by a wall of sandbags, a Thai police surgeon and a bomb disposal expert removed an unexploded grenade embedded in the arm of a Burmese guerrilla.

Business Summary

Kohl cool on Bundesbank proposal for D-Mark rate

Helmut Kohl, West German Chancellor, backed away from an immediate endorsement of the Bundesbank's recommendation to convert East German marks into D-Marks at a rate of two to one and came under pressure to raise the ceiling on the amount of East German savings that can be converted at one to one. Page 20

SMITHKLINE Beecham, Anglo-American drugs and consumer goods company, sold Ambrosia, Marmite and Bovril – the venerable British nutritional brands – to CPC International of the US for $256m in cash. Page 21

TORCHMARK shelved its $6.4bn bid for American General yesterday while stepping up its proxy fight, a tactical move which may help its attempts to take over the larger insurance company. Page 21

UDDEHOLM, Swedish steel company, and Böhler, a subsidiary of Austria's state-run Voest Alpine Stahl steel group, announced a $48.56m cross-ownership deal to create the world's biggest supplier of tool steel. Page 21

LUCAS Industries, automotive, aerospace and industrial group, raised pre-tax profit by 11 per cent to $120.5m for the six months to January 31, despite a 29 per cent fall in the contribution from its UK operation. Page 21

BANK of France lowered its money market interest rates by a quarter of a percentage point in a move seen as a sign of increasing confidence in France's ability to break away from West Germany's traditional lead in monetary policy. Page 3

EUROPEAN Community has stressed its determination to have intellectual property rights (IPR) protected worldwide under the General Agreement on Tariffs and Trade (Gatt). Page 20

A BRITISH investment group is negotiating with the Polish Government on plans to privatise the Polish second television channel and run it on lines similar to Channel 4, the UK independent station. Page 10

WORLD International and Wharf (Holdings), the two main Hong Kong quoted companies are negotiating to expand their North American hotel interests by buying Met Hotels for an undisclosed sum from Metropolitan Life Insurance of the US. Page 22

AKER, Norwegian cement and offshore products and services group, is studying the possibility of making a formal takeover bid for Valenciana de Cementos Portland (CVCP), one of Spain's biggest cement producers. Page 29

CANADIAN Mining & Energy Corp, the world's largest uranium producer, is to sell a one-third interest in its Rabbit Lake mine in Saskatchewan to West Germany's Uranerz Exploration & Mining for $126.3m. Page 22

INDONESIA and China have agreed a formula for a $120m debt owed by Jakarta since the two countries broke off relations in 1967. Page 4

SOUTH KOREA is being asked to ease its restrictions on Scotch whisky sales, by officials of the Scotch Whisky Association (SWA). Page 6

BRITISH Petroleum has entered the industrial gas market by signing contracts to supply gas direct to companies in England. Page 10

HAVAS, French advertising and publishing group, has found the way to develop its tourism and travel agency activities through the acquisition of Scac Voyages, the tourism division of the Bolloré group. Page 24

Phone companies overcharge callers $10bn a year

By Hugo Dixon in London

TELEPHONE users around the world are being overcharged by more than $10bn a year for making international telephone calls as a result of cartel-like arrangements between the world's phone companies which keep prices at an artificially high level.

This is the main conclusion of a Financial Times investigation into the way the world's leading telephone companies set charges for international calls at well above their costs.

The companies include British Telecom, American Telephone & Telegraph (AT&T), the West German Bundespost and most of their counterparts in other countries

The pricing system, based on an obscure set of accounting practices which determines how revenue from international calls is shared, is organised within a framework agreed at the CCITT, a Geneva-based grouping of telephone companies.

Although the secretariat is based in Geneva, the location of meetings switches from one capital city to another.

Bilateral meetings to determine details such as accounting rates, prices and the number of circuits between two countries take place on average every three years.

The system of rates, which are usually agreed in bilateral negotiations between national telephone companies, penalises operators which cut prices and deters higher volumes of telephone traffic, according to a confidential report by the OECD (Organisation for Economic Co-ordination and Development) prepared last year.

The pricing system, which has the tacit approval of most governments, was established before the Second World War.

Telephone companies argue that high costs justify high prices for international calls. But telecommunications experts say advances in technology – most importantly, in fibre-optic cables – mean that international calls should not cost much more than domestic calls.

Some examples of artificially high prices include:

- a call from Britain to the US should cost about the same as a long-distance call in the UK and only 25 per cent more than a local call, says Mr Nick Williams, a telecommunications consultant at Touche Ross, the accountants in London. In fact, a call from the UK to the US is charged at five times the long-distance rate and 15 times the local one;
- a peak-rate call from New York to Los Angeles is charged at 25 cents a minute, but at 94 cents from New York to London, the same distance;
- a peak-rate call from London to Paris is charged at three times the 12p-a-minute rate for a call from London to Birmingham.

International prices have fallen in recent years, but not nearly as quickly as the underlying costs.

The telephone companies are still charging an average of $1 a minute for international calls while telecommunications experts estimate the true cost is between 25 cents and 50 cents, implying a mark-up of between 100 and 300 per cent.

Mr Greg Staple, a Washington DC consultant to the International Institute of Communi-

Continued on Page 20

Reconnecting charges with costs, Page 18

Tokyo shares fall again as confidence remains at low ebb

By Ian Rodger in Tokyo and Peter Norman in London

JAPANESE stock and bond prices and the value of the yen all fell sharply yesterday, with the equity market recording a 6.6 per cent decline, the second largest ever and the steepest since the October 1987 crash.

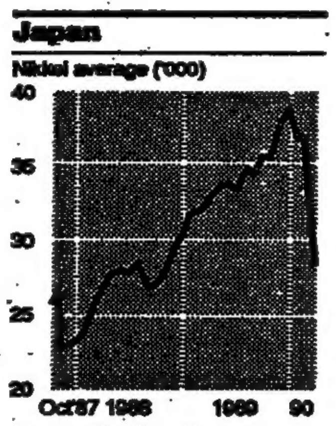
The markets' weakness was attributed to a gloomy forecast on the Japanese economy at the weekend and to a newspaper report yesterday morning – later denied – that insurance companies planned a massive sell-off of equities in the next few months.

The Nikkei average of 225 leading share prices tumbled 1,978.38 points to close at 28,002.07, and has now dropped 28 per cent since its peak at the end of last year.

The continued disarray in Japanese financial markets did not spark a global rout. Equity markets elsewhere reacted with only moderate declines. In Britain, where share prices and sterling were marked down substantially in early trading following weekend riots in London over the introduction of a new tax, markets recovered some of their losses over the day.

The fall in Tokyo share prices so far this year has been so substantial that most market analysts believe that, even if underlying economic and political conditions improved, it would take some time for confidence to return.

Bond prices also tumbled yesterday, pushing the yield on the benchmark 119th series government bond up to 7.45 per cent. The dollar gained Y2.25 to close at Y159.90, although in New York later it closed at 158.90.



Yesterday was the beginning of a new fiscal year for most Japanese financial institutions, and investors were already apprehensive about the stance they might adopt toward equities. Thus, a report in the Nihon Keizai Shimbun, a business newspaper, that the country's leading insurance companies planned to offload a large portion of their equities this year, sent a new wave of pessimism through the market.

Later, Mr Masao Tsuji, investment director of Dai Ichi Mutual Life, called a press conference to deny the report. He said that while Dai Ichi would change its stock portfolio this year, there would be no massive selling of equities. "In fact, the firm is planning to buy Y500bn-Y700bn ($3.2bn-$4.5bn) worth of domestic shares during fiscal 1990," he said.

Mr Ryutaro Hashimoto, the Finance Minister, put much of the blame for the stock market's plunge on the report. "Japan's economic fundamentals remain strong and Japan will continue to take appropriate action on currency market instability in co-operation with other major countries," he said at a press conference.

As the uncertainty continues, economists are worried that the stock market slump will depress consumer spending and capital investment by industry. The Securities Industry Association reported that the number of proposed new equity issues for the second quarter of the year totalled only 13, worth a combined Y116.7bn, a sharp fall from the 123 issues worth Y2,402.9bn made in the first quarter.

Nearly 100 equity, convertible bond and warrant bond issues scheduled for the first half have been cancelled.

In Europe, bourses closed lower but with limited losses. In London the FT-SE index closed at 2,221.6, down 26.3. Equities in Amsterdam lost 1.37 per cent of their value, while in Frankfurt profit-taking after the market rose to a record high last Friday contributed to a 1.9 per cent drop in the 30 share DAX index. In Paris the broad-based CAC general index closed marginally up. In New York, the Dow Jones Industrial average closed 6.76 down at 2,700.45.

Lex, Page 20; Markets, Section II; UK debates new tax, Page 8.

ANZ to take 51% stake in National Mutual

By Bruce Jacques in Sydney

Australia's largest financial services organisation would be created under merger plans announced yesterday by Australia and New Zealand Banking Group (ANZ), the country's third largest private sector bank, and National Mutual Life Association, its second biggest non-bank financial institution.

ANZ is to pay A$3.4bn ($2.6bn) for a 51 per cent interest in National Mutual. The resulting company, to be formed in October and called ANZ-NM Banking and Insurance group, will have combined net assets of more than A$90bn.

Mr Will Bailey, managing director of ANZ, and Mr Eric Mayer, chief executive of National Mutual, were at pains to style the deal as a true merger. Mr Mayer strongly denied rumours that National Mutual needed the cash because it was close to breaching its solvency requirements.

The merger, which requires approval from regulatory authorities and a 75 per cent majority of National Mutual's policyholders, is likely to force other big life insurance companies and banks to examine similar cross-industry links.

Mr Bailey said the federal Government had made clear its opposition to mergers among the big banks, making these unlikely for at least three years.

ANZ wished to expand its activities in the provision of of workplace pensions, which are

Continued on Page 20

Royal Bank deal, Page 25; Lex, Page 20

Insurers plan cross-border merger in EC

By Tim Dickson in Brussels

GROUPE AG, Belgium's biggest insurance company, and Amev, the third largest Dutch insurer announced yesterday that they intend to merge their operations to create a combined group with a stock market value of BFr160bn ($4.5bn).

The deal was hailed by Mr Hans Bartelds, Amev's chairman, as "the first full cross-border merger within the European Community in the field of insurance, banking and other financial services."

Both companies cited the changes taking place in the European insurance business as reasons for their move, notably the approaching single market in 1992 and the effect of deregulation in breaking down traditional distinctions in the financial services industry.

Analysts, meanwhile, saw the announcement as a defensive strategy by two relatively small players on the European stage.

The planned merger – expected to be completed by the end of the year – will take the form of joint ventures at secondary holding company level.

Both AG and Amev will retain their current shareholding structure, and their listings on the Amsterdam and Brussels stock exchanges.

Each company will assume equal control over the operating subsidiaries, which means that AG has agreed to pay Amev BFr10.7bn to reflect the difference in the valuation of the two groups when its shareholdings in Amev's assets are transferred.

That amount will be paid over a period of 10 years.

The two groups will have a seat on each other's main boards with the organisation of the joint venture based on "unity of management" in newly formed supervisory and management committees.

AG subsidiaries in the Netherlands and Amev subsidiaries in Belgium will initially continue to be run on an independent basis, but studies will be undertaken to see how they can be developed in future in the context of the combined group.

AG/Amev will rank among the top 15 insurance companies in Europe, with overall revenues from premiums and financial revenues of around BFr268bn, total assets of more than BFr1,230bn, and shareholders' funds (including unrealised capital gains) close to BFr147bn.

The companies, which between them employ around 20,000 people including 5,000 in the US, say they share "the same strategic outlook," that their corporate structures "pose no major obstacles to the development of a suitable merger plan," and that the "amicable pooling" of their interests avoids the cost of a takeover.

With 55 per cent of total revenues coming from the Benelux and 30 per cent from the US the aim of the combined group will be "to expand outside the Benelux region by securing significant positions in selected markets."

Background, Page 23

Iraq threatens to use chemical weapons against Israeli attack

By Our Foreign Staff

PRESIDENT Saddam Hussein yesterday announced that Iraq had binary chemical weapons and would destroy half of Israel in the event of any Israeli attack.

In a first public reply to charges that Iraq had tried to obtain triggers for nuclear weapons, Mr Saddam said in a radio broadcast responding to last week's disclosure by the US and Britain of a plot to smuggle triggering equipment for nuclear weapons to Iraq, that his country had no need of an atomic bomb because it had a binary chemical warfare capability matched only by the US and the Soviet Union. Binary weapons use two chemical agents which are relatively harmless until combined.

Israel immediately urged the international community to ensure that President Saddam was prevented from pursuing his "irresponsible designs".

President Saddam added that "those who are threatening us with nuclear bombs, we warn them that we will hit them with these binary chemical weapons."

"I swear to God we will let our fire eat half of Israel if it tries to wage anything against Iraq," he said.

Iraq has faced severe international criticism following last month's execution in Baghdad of British journalist Mr Farzad Bazoft on spying charges and last week's disclosures by the US and Britain of a plot to smuggle triggering equipment for nuclear weapons to Iraq.

Mr Saddam, who has ruled Iraq for more than 20 years, said Iraq was facing a major conspiracy. "The big powers seem to have decided to play the game themselves and directly ... and let the one who wants to try his luck, let him try."

The Iraqi Foreign Ministry issued a separate statement saying the US and Britain had co-operated in the nuclear trigger affair in a bid to damage Iraq's reputation.

It said Iraq had signed "a small and ordinary contract" with a British trading company to provide equipment which would be used at the Technological University of Baghdad for purely scientific purposes.

Iraq has been criticised for its use of chemical weapons during the Gulf war and its continuing attempts to develop nuclear devices and ballistic missiles. It now fears a further Israeli attempt to attack targets in Iraq; Israeli jets bombed an unfinished nuclear reactor at Osirak in 1981.

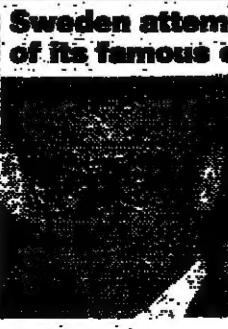
Yesterday Israel, widely credited with having both nuclear and chemical weapons of its own, denied it had any aggressive intentions but said it would not be blackmailed by threats. A Foreign Ministry statement said: "It is high time for the civilised world to act in unity and see to it that Saddam Hussein will not be able to pursue his irresponsible designs."

Iraq is pursuing a strategy of establishing its own military industries, but Israeli and western intelligence agencies are trying to thwart its attempts to use a network of agents and foreign companies to procure western technology.

Background, Page 4

CONTENTS

Sweden attempts a new version of its famous economic model



Mr Invar Carlsson, the Swedish Prime Minister, still considers the commitment to full employment a priority and believes a national bargain between unions and employers is the best way of ensuring it

Page 3

MARKETS

STERLING
New York close
$1.6345 (1.64525)
London:
$1.6310 (1.6475)
DM2.7775 (2.78)
FFr9.3425 (9.3525)
SFr2.4575 (2.4625)
Y259.25 (259.25)
£ index 87.4 (87.9)

GOLD
New York: Comex Jun
$374.5 (374.0)
London:
$369.0 (369.75)

N SEA OIL (Argus)
Brent 15-day May
$18.575 (18.30)

Chief price changes yesterday: Page 21

DOLLAR
New York close
DM1.7010 (1.6945)
FFr5.719 (5.7045)
SFr1.5045 (1.4967)
Y158.9 (158.50)
London:
DM1.7030 (1.6875)
FFr5.7275 (5.6775)
SFr1.5070 (1.4945)
Y158.95 (157.30)
$ Index 69.0 (68.6)
Tokyo close: 159.95

US lunchtime rates
Fed Funds $8\frac{3}{16}$%
3-mo Treasury Bills:
yield: 8.02%
Long Bond:
$98\frac{21}{32}$
yield: 8.62%

STOCK INDICES
FT-SE 100:
2,221.6 (−26.3)
FT Ordinary:
1,748.1 (−20.6)
FT-A All-Share:
1,103.10 (−1.1%)
New York close
DJ Ind. Av.
2,700.45 (−6.76)
S&P Comp
337.10 (−2.84)
Tokyo: Nikkei
28,002.07 (−1,978.38)

LONDON MONEY
3-month interbank:
closing $15\frac{1}{4}$-$15\frac{7}{32}$ ($15\frac{3}{16}$)
Liffe long gilt future:
June $81\frac{3}{8}$ ($81\frac{1}{4}$)

Moscow to launch giant telecoms satellites

By Hugo Dixon in Moscow

THE Soviet Union is planning to launch three giant telecommunications satellites on its Energia rocket in 1993 as part of ambitious plans to modernise its communications system.

The satellites, which would weigh 18 tonnes each would be about four times the size of those used in the West. They would provide new television and radio programmes for the Soviet Union and a telephone service for many regions which do not have one.

The Soviet Union is also holding talks with foreign countries to try to persuade them to use the satellites for their communications needs.

The plans, which were disclosed yesterday in an interview by Mr Erlen Pervyshian, the Communications Minister, are part of a strategy to increase the number of telephones from 40m today to 100m in 2005.

Meanwhile, the scene is being set for a fight between the Supreme Soviet and the Communications Ministry over the extent to which the Soviet communications industry should be open to competition.

Mr Yuri Gulyaev, chairman of the Supreme Soviet subcommission on telecommunications, says telecoms factories should be freed from Communications Ministry control. He also says that licences to provide telecommunications services should be sold to organisations outside the ministry. Mr Gulyaev's subcommission will be preparing a paper on information technology in the Soviet Union in June.

Mr Pervyshian takes a more conservative line. He argues that there is already competition between the factories under his ministry's control.

Other plans for modernising the telecommunications system include:

- Construction of a new international exchange in Moscow by the end of this year which will double the number of international lines. Further exchanges will be added in Moscow, Leningrad and Kiev in 1992 to cope with the huge demand unleashed by reforms in the Soviet Union.
- Production of the first Soviet-made facsimile machine is planned to start within the next year by Comstar, a joint venture between the Moscow phone company and Britain's GPT. Comstar is also interested in manufacturing computerised switching boards and modems in the Soviet Union.
- Leningrad city council and an unnamed British company are negotiating to launch a commercial television station for the city.
- Three military factories are starting to produce equipment for the civil communications network this year.
- The Communications Ministry is negotiating with several foreign telephone companies to produce directories – at present almost non-existent.
- The Soviet Academy of Sciences has formed a joint venture with MCI, the US telecommunications operator, to provide video conferencing services between the US and the Soviet Union later this year.

The Ministry of Communications is still negotiating with Alcatel of France and Siemens of West Germany over the manufacture of digital exchanges in the Soviet Union, and with US over the construction of fibre optic cable across Siberia linking Europe with the Far East. These plans are being held up by the needs to get approval from CoCom for the export of high technology to the Soviet Union.

The Communications Ministry has produced a prototype digital exchange of its own. This is based on using channels with a capacity of 32 kbits a second compared with the normal international standard of 64 kbits a second.

Communications problems 'hinder German unity'

By David Goodhart in Bonn

THE BIGGEST practical problem bedevilling the economic and administrative merging of the two German states lies in the lack of proper telecommunications links, according to Mr Christian Schwarz-Schilling, the West German Post Minister.

He said, in an interview with the Financial Times, that "this will remain the most serious problem for the next two years". The minister believed it would take between five and seven years, and cost DM20bn-DM30bn (£7.3bn-£11bn), to raise the East German telecoms system to the West German level.

"One of the most important questions is thus how we can provide transitional arrangements for businessmen to avoid this bottleneck right now," he said. Among the interim solutions being examined are microwave links – although these were described as "very expensive" by the minister – and satellite connections.

Mr Schwarz-Schilling said that the temporary arrangement which allowed the Bundespost's mobile telephone system to operate in Leipzig during last month's trade fair had been indefinitely extended. He added that a further eight to 10 mobile phone areas should become available, through satellite connections, in the "next few months". A glass-fibre link is also being built from West Germany to East Berlin.

He admitted that for most West German businessmen operating without a telephone connection and a fax machine was virtually unthinkable. However, the few hundred lines currently connecting the two states makes it impossible to rely on a connection and the poor quality of the connection makes most data transmission impossible.

About 70 per cent of all public switching equipment in East Germany is 25-60 years old and 23 per cent stems from the period 1922 to 1934. There are only eleven lines per 100 inhabitants of East Germany compared with 45 per 100 in West Germany, although in East Berlin the rate is much higher at about 43 per 100.

Mr Schwarz-Schilling said that the cost of modernising the East German system would not be an extra burden on the West German tax-payer. The money could easily be raised from the capital markets. "There is no more secure investment than a monopoly telephone service," he said.

Red Army alarm at eightfold rise in draft dodgers

By Mark Nicholson in Moscow

RISING nationalism in the Soviet Union has sparked an eightfold rise in draft dodging over the past five years, which is causing serious alarm in the Red Army, a senior general admitted yesterday.

Gen Mikhail Moiseyev, Soviet chief of general staff, said that 6,647 young men resisted the draft in 1989 against just 837 in 1985. He blamed anti-army campaigns in several republics, notably the Baltic states and the Transcaucasian republics of Georgia, Azerbaijan and Armenia.

His remarks coincide with the start of the Red Army's spring draft and with acute concern in the military that the call-up will meet mass refusals in rebel Lithuania and other independence-minded republics.

Lithuania's parliament yesterday repeated its call for talks with Moscow in response to a weekend show of armour in Vilnius, the republic's capital, and a warning from Mr Mikhail Gorbachev, the Soviet leader, that failure to annul its declaration of independence would lead to "grave consequences".

Lithuanian officials suggested that three parliamentary deputies sent to Moscow today seeking talks with Soviet leaders could include the issue of military service on any agenda. But they said the delegation would not consider a recantation of independence – Mr Gorbachev's stated precondition for talks.

The parliament's statement yesterday said the republic's people had "clearly demonstrated the desire of the Baltic people for restoration of Baltic independence in a peaceful and democratic manner".

Gen Moiseyev raised military fears over conscription in an interview with Pravda, the Communist party newspaper. "Special alarm is being caused in the army by the frequency of attempts to refuse military service," he said. "The statistics are very alarming."

He blamed the sharp rise in refusals on resurgent nationalist feeling and anti-army campaigns in several republics. A group called Geneva-49 – after a clause in the 1949 Geneva Convention which declares that no-one need serve in an army of occupation – has rallied opposition to conscription in the Baltic and Transcaucasian republics.

Gen Moiseyev criticised republican leaders for not clamping down on draft-dodging. He said that of 259 dodgers in the Baltic states last year, only two were sentenced; in Georgia and the Transcaucasus, only one out of 1,146 was prosecuted.

Army conscripts sign up for two years, navy recruits for three. The penalty for refusal can be a jail sentence of up to seven years.

Yesterday, Mr Algimentas Cekuolis, a Lithuanian deputy, denied that Lithuanian leaders were overtly calling for young men to refuse the call-up, but said that it would nevertheless meet "substantial resistance".

A radio journalist in Vilnius said simply: "As of now, nobody wants to join the army".

Markus Meckel (centre), acting party head, flanked by SPD officials at yesterday's news conference

Böhme resigns over Stasi allegations

By Leslie Colitt in East Berlin

EAST GERMANY'S fledgling democracy suffered a serious blow yesterday with the resignation of Mr Ibrahim Böhme, head of the Social Democratic Party (SPD), in the face of charges that he was a secret police informer.

He said he was stepping down because an investigation would take too long and he did not want to burden the SPD and the "young democracy." His health had also been severely affected.

East Germans were stunned by the announcement which came three days after Mr Böhme entered the former headquarters of the State Security Ministry (Stasi) with two West German lawyers to examine its files.

Mr Richard Schröder, the acting SPD parliamentary whip, said three filing cards disclosed only that Mr Böhme, a former dissident, had long been under Stasi surveillance. Then a former Stasi employee produced a fourth card containing references to extra files. Those could not be found.

The 45-year-old Mr Böhme, a former Communist who helped found the East German SPD last October, was the second senior politician suspected of being a Stasi informer. Mr Wolfgang Schnur, head of the conservative Democratic Awakening party resigned just before last month's elections after acknowledging Stasi links. Mr Böhme, however, did not admit any guilt.

The resignation came as the SPD was holding coalition talks with the conservatives who won the election. Mr Markus Meckel, a pastor who served as deputy SPD chairman, took over as the acting head of the party.

Böhme: health affected

Kohl's interview

Chancellor Helmut Kohl's press office has stated that the Financial Times, in its interview with Mr Kohl on April 2, did not "fully reflect" the Chancellor's views on possible conversion rates for the East German currency as part of the proposed monetary union between West and East Germany. "The Chancellor clearly stated in his interview that no final decisions will be taken regarding the savings accounts of normal savers, mentioned before the elections in the GDR, as long as the negotiations with the government of the GDR on this subject have not been completed," the statement said.

UK softens line on EC political reform

By David Buchan in Luxembourg

PRELIMINARY discussions among EC foreign ministers of the political aspects of monetary union underscored the newly moderate tone of British opposition to the plan.

Mr Marc Eyskens, the Belgian foreign minister, claimed majority support for his plan – the only so far tabled – to give greater powers to the European Parliament, elected status to the Commission president, and closer co-ordination of foreign, even security, policy. The Belgian minister said the British should be sensitive to the need for democratic control over a monetary union.

Mr Douglas Hurd, the British foreign secretary, congratulated Mr Eyskens for being "the first to dive into the swimming pool" of political reform, which, however, had "no water in it". He said he criticised not the Eyskens report itself, but the timing of any political reform debate when the EC faced "six labours of Hercules" – finishing the single market, German unity and Eastern Europe, European monetary union, negotiations with Efta states and in the Gatt.

EC ministers decided to issue shortly another statement on the crisis in Lithuania, reminding the authorities in Moscow and the republic of what was at stake. Mr Hans-Dietrich Genscher, the West German foreign minister, also warned colleagues of what he saw as growing Soviet pressure for a limit on West European, particularly West German, troops. This could lead to delays in both the conventional force reduction talks in Vienna and in the so-called Two Plus Four talks on German unity.

Agreement by the Twelve to exempt East German citizens from visas collapsed yesterday. One reason was that Italy, with some Spanish support, refused to do so, unless similar requirements were also scrapped for Hungary and Czechoslovakia. But other countries were also concerned at last month's action by the outgoing Modrow government in East Germany to abolish visas for Turks.

Modernising the model way that Sweden works

THE Swedish Government is determined to confound the many sceptics at home and abroad who believe the famous Swedish *Model is dead, if not buried.*

Out of the wreckage of the failed attempt in February at a wage and price freeze to deal with the escalating costs crisis, the ruling Social Democrats are preparing a package of measures for the budget on April 25, designed to reduce costs and increase economic growth without creating high unemployment.

Mr Ingvar Carlsson, the Prime Minister, considers the commitment to full employment a priority and continues to believe a national bargain between the country's powerful trade unions and the employers on wage restraint for 1991 is the best method of ensuring this.

"The Swedish Model is not dead," he insists. "In our tradition we have had strong centralised organisations who were ready to take collective responsibility. It is too early to rule this out from happening again."

From the wreckage of the failed wage-price freeze the Social Democrats are preparing a budget designed to reduce costs and increase economic growth without creating high unemployment, writes Robert Taylor

The Social Democrats, who remain a minority government, hope that the budget will create a more stable but also restrictive atmosphere to allow employers and trade unions to lower pay expectations. It will not be easy.

Indeed, many believe that the Government will have to let unemployment rise substantially higher than the present 1.4 per cent to bring supply and demand in the labour market into equilibrium. According to Mr Allan Larsson, the new finance minister, "three years of boom in the labour market made people think that they could get what they wanted in higher wage increases".

The pressure for decentralised pay bargaining is now considerable, especially among many of Sweden's employers. Mr Ulf Laurin, president of the country's main employer organisation SAF, remains hostile to any further national-based collective settlement.

"We are looking for ways to break down corporatism," he says. "We want to break with the old system by eliminating wage deals at the centre. Everything is heading in the direction of greater individualism in Sweden.

"Solidarity used to be the Bible with workers but now they think it is nonsense. They recognise there must be a bigger spread in wage levels between workers. We must link pay as closely as possible to the workplace and to productivity."

But Mr Laurin recognises there can be no overnight shift to company-level wage bargaining. Instead, he favours separate pay negotiations between each of the 35 affiliated industry members and the blue-collar trade unions for 1991 as part of a "step-by-step" devolution strategy.

But this development will be co-ordinated from SAF headquarters. "It will smell of centralisation," he admits. And for "practical reasons" his organisation will go on – for the time being – negotiating with the white-collar unions on a national basis.

Habits of mind as well as countervailing national pressures from the trade unions and the Government continue to shape Swedish employer attitudes.

"We have been vaccinated for so long with centralisation that many employers have not been bothered with their labour costs. We have to make our people take their costs seriously. There will be turbulence as we decentralise," according to Mr Laurin, who really believes there is no other way forward for Sweden.

More than 85 per cent of Swedish workers belong to unions, the highest figure in any industrialised economy. But the position of Sweden's trade unions is by no means clear cut. Many full-time leaders – in particular in the huge public sector, where a third of workers is employed, and in the blue-collar trade unions – continue to believe in wage equality and the need for centralised bargaining.

But many of their members do not. At company and local level the trade unions continue to exercise an influence that is appreciated by employers. In recent years the spread of worker share-ownership through convertible loans from employers as well as the growth of bonus schemes has started to widen Sweden's narrow pay differentials.

The old loyalty to the union is gradually being replaced by a closer identification with the company. This trend is likely to accelerate in the 1990s. But there is no likelihood of any mass exodus by workers from the trade unions, even if most believe the unions must become less party political and more concerned with the needs of the membership.

Many employers would like to see a reform in the labour laws in Sweden tilt the balance of power away from the unions. They are worried by unofficial strikes and the use of the strike threat by public service workers.

To Sweden's policy-makers the actual shape of the bargaining system is much less important than the framework within which it has to function. They fear that in the past Sweden has suffered the worst of both worlds through operating a bargaining process falling between the central and the local level.

A credible anti-inflation policy is seen as a prerequisite for change. It is often forgotten that the original Swedish Model of the 1950s and 1960s worked reasonably well because it was based on a tough fiscal policy, which itself imposed disciplines on the labour market.

Privately in Stockholm nowadays everybody seems to agree that the country needs to increase its open level of unemployment. The labour market does not work properly with only 1.4 per cent unemployed.

Mr Carlsson insists Sweden must avoid the kind of dole queues to be found elsewhere in Europe. But others point out that the country's impressive programmes will always ensure that those made redundant get quick retraining and redeployment. They also argue that in Norway and Finland trade unions have shown greater self-restraint partly because unemployment has moved up to around 4 per cent.

Government tries to save wage restraint scheme

THE SWKDISH Government last night attempted to salvage a voluntary wage restraint plan by trying to persuade several unions which had rejected it to change their minds, writes John Burton in Stockholm. The proposal to limit wage growth this year and next was announced on Friday by a government-appointed mediator, Mr Bertil Rosengren, who set a Monday afternoon deadline for responses from the unions and employers' organisations.

The Government said last night that 90 per cent of employer groups and 70 per cent of unions had accepted the plan, although some had set conditions.

The main holdout was the PTK, representing private sector white-collar workers, which rejected the proposal over the weekend. Mr Allan Larsson, the Finance Minister, last night identified the PTK as the main stumbling block to an accord. But several blue-collar unions, including the influential Metall engineering workers' union, as well as the organisation representing engineering companies, have refused to accept the plan.

The ruling Social Democrats have warned that they may introduce new austerity measures to cool down the overheated economy or try to pass the mediator's proposal through parliament as law.

Under the proposal, which was designed to avoid a renegotiation of collective wage agreements that would result from inflation index clauses, workers would be granted an 80 per cent compensation for price rises above 6.9 per cent, with special provisions given to low-income workers.

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France cuts money market rates

By George Graham in Paris

THE Bank of France yesterday lowered its money market interest rates by a quarter of a percentage point in a move seen as a sign of increasing confidence in France's ability to break away from West Germany's traditional lead in monetary policy.

The bank said it would lower its tender rate to 9.75 per cent, and its rate on 5-10 day repurchases to 10.5 per cent. The two rates usually serve as a bracket for daily Paris market fluctuations.

Mr Jacques de Larosière, the Governor, had raised rates in December by half a point as an early signal to the economy to rein in credit demand and to keep the inflation rate under downwards pressure.

Recent economic statistics, however, have shown moderate demand and inflation of 3.4 per cent over the past year, 0.7 percentage points higher than the West German rate.

French short term interest rates have remained obstinately more than 2.5 percentage points above West German ones, but the authorities have been cautious about lowering their intervention rates for fear of weakening the franc. However, the franc has strengthened considerably against the D-Mark.

Conservatives fight a losing battle among Greek Moslems

By Kerin Hope

THE HELICOPTER hovered over the minaret of the village mosque before landing on a dusty knoll above Organi, an hour's walk from the Greek-Bulgarian border. The candidate, 71-year-old Mr Constantine Mitsotakis, who heads the conservative New Democracy Party, strode energetically down the mountainside in search of votes.

He listened carefully as the village president read out a list of demands: a resident doctor, tarmac for the road, and an end to discrimination against Moslems when it comes to issuing tractor licences and building permits.

"We'll solve your problems. We must ensure that our Moslems and Christians live together in brotherhood in peace," said Mr Mitsotakis. The mostly male crowd cheered. Women in black chadors and white headscarves, watching nearby, stayed silent.

Greece's Moslem minority is scattered across the three northern provinces that make up western Thrace, the least developed region in the European Community. Most are of Turkish descent, but some are gypsies and others are known as Pomaks, mountain-dwellers whose ethnic origin is hotly disputed.

GREEK ELECTIONS

The minority numbers about 110,000, almost exactly the same figure as when Greece and Turkey signed the Treaty of Lausanne in 1923. The treaty provided for a population exchange after the Greek army was disastrously defeated by Kemal Ataturk in Asia Minor, but left a Moslem farming minority in Thrace and a 220,000-strong Greek community of shopowners and businessmen in Istanbul.

These days fewer than 4,000 Greeks live in the city they ruled when it was Constantinople, capital of the Byzantine empire. A pervasive climate of Greek-Turkish hostility, plus economic pressures and periodic violence drove them away.

The Moslems in western Thrace believe they are harassed by local authorities in order to make them move to Turkey in retaliation for the shrinking of the Greek population of Istanbul. Discrimination, however, mainly affects education and property: Moslems have no trouble getting state pensions and health care. There is a lively local Turkish-language press.

"I'd like to build the family a new house, but I can't even get permission to put in a bathroom and a modern kitchen," says Mr Molla Mumin, a prosperous farmer from the village of Sostis. Next-door to his ramshackle red-tiled home stands a smart new villa belonging to a Greek farmer.

In Komotini, the capital of Rodopi province where the population is 52 per cent Moslem, there are five Moslem and more than 100 Christian lawyers. Out of some 80 university entrants from the two minority high schools only two or three go to Greek universities. The rest study in Turkey.

Last year, the Moslem minority found its political voice for the first time, with catastrophic results for New Democracy. The conservatives used to win large majorities in Thrace, with a Moslem lawyer or schoolteacher on the ticket, although they never managed to build a grass-roots organisation among the minority.

At the June election, many Moslems voted for Dr Ahmet Sadik, a 45-year-old surgeon who trained in Greece. He ran as an independent on a platform of defending Moslem rights. In November, when Dr Sadik's candidacy was rejected on a technicality, his supporters voted for another independent, a Moslem journalist.

The loss of more than half their Moslem vote effectively blocked New Democracy from winning an outright majority in parliament at the November election. Despite Mr Mitsotakis' valiant efforts on the campaign trail in Thrace, it is unlikely much can be salvaged in Sunday's election.

Dr Sadik was freed last weekend on appeal after serving three months of an 18-month sentence for inciting dissension by making a tactless public reference to his Turkish heritage. He is running for parliament again in Komotini as a local hero. What worries Greek politicians most about him is the vocal support that his Guven (Trust) movement receives from Turkey. Turkish state-run television, seen in Thrace, gives Guven generous coverage.

After Dr Sadik's trial in January Moslem-owned shops were attacked in Komotini. Greece expelled the Turkish consul there on grounds of interference in local affairs. The Greek consul in Istanbul was ordered out in return and bilateral relations have remained frosty.

Turkey denies charges that Sadik is being manipulated from Ankara. But influential minority members are unconvinced.

Greek officials dismiss talk of "a second Cyprus" in Thrace as alarmist. However, they are planning measures to make life easier for the minority and help the region catch up economically.

China and Indonesia plan to renew ties as old debts are repaid

By John Murray-Brown in Jakarta

INDONESIA and China have agreed a settlement formula for a $120m debt owed by Jakarta and unpaid since the two countries broke off relations in 1967.

Mr Ali Alatas, Indonesia's Foreign Minister, said yesterday that debt repayment would be in line with an agreement with Indonesia's Paris Club creditors in April 1970, when more than $2bn was rescheduled.

He said that principal would be repaid in 30 equal annual instalments. Interest due before 1970 is to be added to the principal. China has agreed to accept payment in the form of Indonesian commodities.

Together with the issue of Indonesia's stateless Chinese, the debt has been an important stumbling block to the resumption of full diplomatic ties. Jakarta broke off ties after accusing Peking of complicity in the 1965 failed coup d'état, which saw General Suharto rise to power.

The absence of formal ties is widely acknowledged by Foreign Ministry officials as a main factor in Jakarta's recent failure to revive the Cambodian peace process, with China again a notable absentee. A large part of the debt incurred by former President Sukarno, denominated in Swiss francs and sterling, was to pay for the political activities of the now banned Indonesian Communist Party, wiped out in a bloody purge in which 500,000 were killed.

Following a high-level meeting last week in Peking, Mr Alatas is due in the Chinese capital next month for the first visit by an Indonesian minister in more than 20 years. Trade ties have been in place since 1985.

Both sides are expected to agree a date, perhaps later this year for the renewal of full diplomatic relations.

■ China has asked Japanese commercial banks to extend for another year a line of credit it established with them five years ago, banking sources said here yesterday, Reuter reports from Toyko. The banks have yet to decide whether to accept China's request but some seem willing to do so.

The $2bn line, due to expire on July 15, was set up in 1985 between the Bank of China, Peking's foreign exchange bank, and 67 Japanese banks.

Iraqi threat aims to forestall any Israeli strike

By Hugh Carnegy and Victor Mallet

IRAQI President Saddam Hussein's chilling declaration yesterday that Iraq had binary chemical weapons and would destroy half of Israel in the event of any Israeli attack will reinforce Israeli concerns about his regional ambitions and Baghdad's growing military capabilities.

Israeli officials said President Saddam's threat of retaliation seems to be aimed at forestalling an Israeli pre-emptive strike similar to the 1981 air raid which destroyed the Osirak nuclear reactor.

Following the attack in 1981 Iraq has threatened to retaliate against similar Israeli raids, but never in such specific terms. The Iraqi Government's rapid development of its conventional, chemical and nuclear capability since the end of the Gulf War with Iran in 1988 has caused alarm in Israel and the international community worried about instability and the size of military arsenals in the Middle East.

Israeli officials acknowledge that Iraq could have attempted to retaliate against the bombing raid on the unfinished nuclear plant in Osirak; on that occasion, however, Iraq was taken by surprise and did not respond. Israel's assumption now is that Mr Saddam would carry out his threat to retaliate.

That threat, coupled with improved Iraqi air defences and the dispersal of sensitive military production facilities around Iraq, have severely limited Israel's options for curbing Baghdad's chemical and nuclear weapons' programmes by force.

Israel therefore relies largely on the deterrent effect of the nuclear and chemical weapons which it is widely credited with possessing. "The price they would pay would be so awesome and clear that it is something even Saddam Hussein is capable of understanding," said one Israeli military official yesterday.

President Saddam's specific threat "to let our fire consume half of Israel" with chemical weapons causes the greatest immediate worry in Israel. The Israeli military believes that Iraq, which used chemical weapons during the Gulf War, can now deploy missiles with chemical warheads against Israel. Syria has the same capability.

In the face of this grim reality, Israel has stockpiled enough gas masks for the entire 4.5m population, including special equipment for babies' cribs.

There is a plan for distributing the masks in an emergency and the increasing fear of a chemical attack has persuaded the authorities to consider handing them out to every family. A missile or a bomber flying from any of Israel's Arab enemies would take only a few minutes to reach Israeli territory.

For the past 18 months, the inhabitants of Ramat HaSharon near Tel Aviv and Shelomi in the north have had full chemical warfare protection kits to test public reaction.

In his speech yesterday, President Saddam said Iraq's chemical capability meant it did not need a nuclear bomb. But the rest of the world is convinced he is trying to build one and an Israeli newspaper report this week said Iraq could be ready to test a nuclear device by mid-1991.

Last week Britain and the US disclosed that they had foiled an attempt to smuggle nuclear triggering equipment to Baghdad. However, Israeli officials are highly critical of western governments and companies for not doing more to prevent Iraq's development of a sophisticated weapons industry based on western technology.

"The threat is not just to Israel, it's a global issue," a senior Israeli Government official said. He said the Soviet Union had been much more careful to prevent the supply of nuclear technology to the Third World than the West.

Israel is also acutely aware of the contribution that Iraq's enormous and battle-tested armed forces can make to the conventional threat from its Arab neighbours. Recently, Israel discreetly warned Jordan and Iraq to stop Iraqi Air Force flights along the Israeli-Jordanian border. They apparently ended, but there remains concern over a joint Jordanian-Iraqi air force squadron.

Nor does Israel discount the long-term possibility of a rapprochement between Syria and Iraq, whose Baathist regimes have long been bitter rivals. It is fully aware of the unpredictable nature of Middle Eastern regimes and the often wide gap between rhetoric and action.

"We believe that we can manage and win the next war," said the military official. "The question is at what price.

Australian Finance Minister resigns

MR Peter Walsh, Australian Finance Minister, resigned from his post yesterday shortly after warning that the country was in grave economic trouble, Reuter reports from Canberra.

Mr Walsh, 55, who took a two-month break last year saying he was overworked, decided not to join the new Labor Government which won a fourth successive three-year term in the March 24 election.

"I have decided not to stand again for the ministry," he said in a brief statement. He gave no reasons for his decision, but added: "For me it is now time to hand over to others."

Mr Walsh, deputy to Treasurer, Mr Paul Keating, said he would continue in the Senate, the upper house of parliament, as a backbencher.

Mr Walsh, who has opposed government decisions to halt mining after pressure from environmentalists, warned last week: "The economic situation is so grave that the Government should not be deflected from pursuing things that should be done."

Australia has a net A$118bn (£54.6bn) foreign debt, a trading deficit of some A$2bn a month, and commercial interest rates of around 20 per cent.

Mr Walsh said he was proud of many of Labor's achievements, including maintaining budget surpluses in the last few years.

Mr Walsh resigned as the Prime Minister, Mr Bob Hawke, continued negotiations with Labor party factions pressing for representation in the new Cabinet.

Mr Hawke is due to announce his new Government later this week. The Defence Minister, Mr Kim Beazley, is a possible successor to Mr Walsh, party sources said.

Vietnam cannot afford 'luxury of liberalisation'

VIETNAM'S communist leaders have taken a look at events in eastern Europe and decided they want "full stomachs" for the people before opening up politically, a spokesman for the authorities said, Reuter reports from Ho Chi Minh City.

Liberalisation was a luxury the country could not presently afford, Major General Tran Cong Man said after a crucial party central committee meeting where an outspoken reformist Politburo member was sacked. Man is the vice-secretary general of the Vietnam Journalists' Association which usually reflects government thinking.

"The Vietnamese people have faced a long war. Now they have peace. They don't want changes that could make their lives poorer," he said.

The Communist Party leadership has pledged to press on with its "Doi moi" policy of economic liberalisation which has brought a glimmer of prosperity to the country.

But it ruled out any relaxation of the party's tight grip on power.

Man said Hanoi feared opposition to the government would lead to political instability and destroy the gains of doi moi.

"Vietnam is not a domino of eastern Europe," he said. "We have to analyse what is going on there and if there is something good we will take it. But we must fill the stomachs of our people first."

Vietnam, diplomatically isolated since its 30-year war against the US-backed South and a decade-long presence in Cambodia, is now facing further estrangement as its long-time socialist allies dismantle the Soviet-bloc.

It faces a continued freeze on western aid and trade and declining assistance from its Soviet protector, now preoccupied with its own political upheaval and economic hardship.

But Tran Cong Man, a veteran of the Vietnam War, said his countrymen had never known multi-party democracy and were not interested in it anyway.

Vietnam has also not seen the sort of popular demonstrations which brought about changes in eastern Europe last year.

Calm as Tiananmen Square reopens

A young boy sitting with his parents in Peking's Tiananmen Square takes aim with a toy pistol at patrolling police yesterday after the square was reopened to the public.

The vast square was closed to ordinary citizens on Sunday, when overseas dissidents had called on students and others to "stroll" through the square in a silent protest over the suppression last June of the pro-democracy movement. Instead 5,000 schoolchildren were brought in as part of ceremonies to arouse civic enthusiasm for the Asian Games, to be held in Peking in September.

Offices and factories told people to stay away from the square on Sunday and warned they should not go to Tiananmen on other anniversaries of events highlighting the April-June democracy campaign. Another protest has been called for Thursday, the annual Qingming festival when Chinese honour their dead.

Hint of split in Zimbabwe over one-party rule issue

By Julian Borger in Harare

THERE were increasing signs of disagreement in Zimbabwe yesterday over the merits of a one-party state among leaders of the ruling Zimbabwe African National Union.

After a crushing victory in last week's presidential and parliamentary elections, President Robert Mugabe called the results a "mandate" for setting up a one-party state. The state-controlled newspapers and television, however omitted all references to the one-party issue in their reports on the President's remarks, suggesting that other party leaders may have pressed for the subject to be dropped.

In the run-up to the election officials had said a referendum would be required before a one-party state could be established, and claimed that the issue was therefore not relevant to the elections.

At present, freedom of association is entrenched in the bill of rights included in the British-brokered Lancaster House constitution that ushered in Zimbabwe's independence in 1980. The Lancaster House arrangements expire on April 18, and any clause in the bill of rights can thereafter be overturned by a two-thirds majority in the national assembly.

After last week's elections, Zanu controls at least 116 of the 150 seats in the new single chamber. Thirty seats will be occupied by chiefs and nominated members.

President Mugabe added to the confusion over the weekend by arguing the party had a mandate, without a further poll "because the issue of a one-party system is there in the manifesto".

In fact, although the party is committed "to seek to establish a one-party state" according to its constitution adopted in December, no mention of the issue appeared in the election manifesto, which concentrated on economic issues.

Aoun urges Arab states to find new peace deal

LEBANON'S Christian General Michel Aoun, who rejected a 1989 Arab-brokered peace plan, has urged Arab leaders to find a new deal satisfactory to all parties, official sources said yesterday, Reuter reports from Beirut.

Gen Aoun, commander of half of Lebanon's 35,000-man army, has written to the leaders of Saudi Arabia, Morocco, Algeria and to the Arab League about a peace pact, the sources said.

The three states sponsored last year's agreement signed by Lebanese deputies aimed at ending 15 years of civil war in Lebanon.

The accord, reached in the Saudi city of Taif, left power divided between the long-dominant Christian Maronites and the Moslem majority.

But it failed to include a clear timetable for a Syrian withdrawal from Lebanon, cited by Gen Aoun as his main reason for rejecting it.

Meanwhile, Gen Aoun's forces and those of rival militia leader Mr Samir Geagea clashed with artillery and tanks in east Beirut and mountains north-east of the capital yesterday, setting fuel tanks ablaze. The fighting ended the lastest ceasefire arranged by Vatican-backed mediators only a few hours earlier.

At least 839 people have been killed and 2,290 wounded since January 30, when Gen Aoun attacked Mr Geagea's "Lebanese Forces" militia in a bid to crush the main challenge to his authority in the Christian enclave.

Police said the two sides pounded each other's positions with 155mm howitzers, tanks and multi-barreled rocket launchers. The shelling set fire to fuel tanks in the Aoun-controlled area of Jal el-Dib. The fire threatened to engulf a nearby factory that makes Arak, Lebanon's national alcoholic drink.

Firemen were battling to stop the blaze from reaching the factory. Witnesses said there were a dozen other fires.

The short-lived cease-fire negotiated by a three-man committee of neutral Christians on Sunday was the 15th such truce since January 30.

So far, neither side has been able to score a decisive victory.

But Mr Geagea's forces control two-thirds of the Christian sector, including the ports in Beirut, Jounieh and Byblos and all airfields.

Gen Aoun desperately needs to secure at least one port for a supply route. Hostile Syrian troops and their Moslem militia allies ring the Christian sector on its landward sides.

Sunday's truce halted two days of large-scale fighting in which Gen Aoun tried in vain to break through the Lebanese Forces' defences in Kesrouan and Mr Geagea's east Beirut strongholds in the Ashrafiyeh and Karantina districts.

Malaysia's growth forecast seen as an underestimate

By Lim Siong Hoon in Kuala Lumpur

GROWTH in Malaysia's gross domestic product this year is expected to be 8.5 per cent, nearly two percentage points higher than the Treasury's estimate, Bank Negara, the central bank, reported yesterday.

Last year's growth, calculated by the bank, was 8.7 per cent, compared with 7.6 per cent by the Treasury. The latest figures, provided in the bank's 1989 report, are markedly different from the predictions by the Treasury last October.

The statistical differences centre on estimates of agricultural output. The Treasury saw a lower output growth last year, at 3 per cent instead of 5.5 per cent as forecast by the bank. Also at odds are national accounts figures, where a significant increase in imports last year has produced a drastic change in the current account balance.

With imports growing twice as fast as exports, Malaysia's ringgit 4.7bn (£1bn) current surplus in 1988 turned into a ringgit 400m deficit. This year the deficit, according to the bank, will expand to ringgit 2bn. The Treasury had forecast a small surplus. But there will be still an overall balance of payments surplus, thanks to a 20 to 25 per cent increase in private capital investments.

South Korea's inflation heads for 10-year high

By John Ridding in Seoul

SOUTH Korea's inflation rate is heading for a ten-year high in 1990, the Economic Planning Board warned yesterday.

The announcement followed the release of figures showing that the consumer price index increased by 3.2 per cent in the first three months of this year, compared with 1.2 per cent in the first quarter of 1989.

The EPB said inflation for the year was likely to exceed the government's target of 7 per cent and could reach double figures.

Analysts in Seoul said the real rate of inflation was even higher than the government's figures. They criticised the weighting of the various components in the consumer price index and argued that rental increases in particular, which had risen by about 30 per cent this year, were inadequately represented.

According to the EPB, this year's high inflation rate was the result of high utility and service charges and increases in agricultural prices. It also reflected the impact of high wage increases over the past two years and the increase of South Korea's money supply.

The money supply, as measured by M2, has risen sharply since November and rose by 22.4 per cent in January, the highest monthly increase since July 1983. The increase partly reflects a relaxation in the issue of Monetary Stabilisation Bonds, an instrument used by the monetary authorities to absorb excess liquidity.

Analysts said that they expected the Government would be able to limit the annual rise in the CPI to single figures. However, they said that expansionary economic measures, due to be announced on Wednesday, and further depreciation of the Korean won, which has fallen by almost 3 per cent against the dollar so far this year, could further fuel inflation.

Ivory Coast austerity plan goes ahead

WEEKS of protests failed to halt stringent austerity measures coming into effect in the Ivory Coast yesterday, as pay cuts of up to 40 per cent were implemented, Mark Huband writes from Abidjan.

However, soldiers arrested 100 students and school pupils in the centre of Abidjan after an upsurge in anti-government protests. Violent demonstrations during February led to Abidjan university and all schools in the city being closed on. A ban on demonstrations was imposed on March 26.

The Government reopened the schools yesterday, but pupils in the city took to the streets to demand the resignation of President Felix Houphouët-Boigny.

The austerity measures are aimed at filling a $390m (£236m) financing gap in the 1990 budget. The financial crisis has been deepened by the fall in world prices of cocoa and coffee, which make up 60 per cent of exports.

Mozambique peace talks are welcomed by rebels

RIGHT-WING Mozambican rebels yesterday welcomed the Government's offer of talks to end 14 years of civil war, and said they were ready to set a time and place, Reuter reports from Lisbon.

"It looks like talks will take place soon," said Manuel Frank, Lisbon representative of the Renamo (Mozambican National Resistance) guerrillas.

He was replying to weekend remarks by Mozambican President Joaquim Chissano, who told Portuguese newspapers his leftwing Frelimo Government was ready to begin immediate talks without insisting on a formal ceasefire as a precondition.

The rebels had repeatedly refused to agree to a ceasefire before starting peace talks.

Frank said both parties had yet to set a venue and date for talks, which might take place in an African country after Chissano visits Portugal next week.

Hundreds of thousands of people have died and the economy has been ruined since Renamo began fighting Frelimo shortly after Mozambique's 1975 independence from Portugal.

Both sides drew up separate peace proposals last year but differed on conditions. So far they have only had indirect contact via Mozambican churchmen in several meetings in Kenya, which along with Zimbabwe has offered to serve as mediator.

Captured Frenchman dies

US-BACKED Angolan rebels said yesterday that a Frenchman they captured six weeks ago had died from illness and warned that foreigners in Angola faced dangers from the 15-year-old civil war, Reuter reports from Lisbon.

Unita (National Union for the Total Independence of Angola) leader Jonas Savimbi said in a statement issued in Lisbon that 37-year-old Jean-Francois Grossenbacher had died of malaria and gastritis last Wednesday.

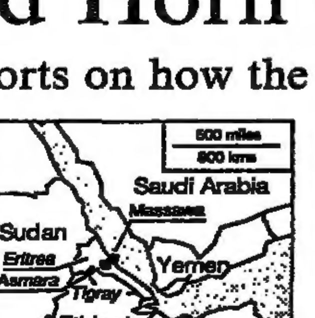
"We deeply regret the death of the Frenchman" Mr Savimbi said.

"All [signs] suggest that the war will assume greater proportions," he continued.

Embattled Horn of Africa is centre of fresh power struggle

Julian Ozanne reports on how the Red Sea coast is becoming embroiled in the tensions of the Middle East conflict

AS THE superpowers continue to disengage themselves from the embattled Horn of Africa, a new scramble for influence in the region is under way.



Within the last four months, Arab states and Israel have stepped into the vacuum created by the ending of the Cold War in Africa, and the subsequent dwindling flow of military assistance from Western and East bloc governments to Ethiopia, Sudan, Somalia, and their respective rebel groups.

This Arab and Israeli involvement is playing on the region's endemic tensions: Ethiopia is returning to its centuries-old role as a Christian bulwark against Islamic incursions into black Africa. The result may well be as complex and violent as when Moscow and Washington were at loggerheads in the area.

It was Ethiopia's restoration of relations with Israel last November after a 16-year break that marked a critical turning point in the realignment process.

Under heavy pressure from the Soviet Union, its main backer, to reach a negotiated solution to conflicts in Eritrea and Tigray, and having to maintain black Africa's largest army, the Ethiopian Government began anxiously looking around for alternative sources of military assistance. Israel grasped the opportunity for several reasons: it wanted a foothold in Ethiopia as the last non-Arab presence on the Red Sea; it was concerned about the increasingly fundamentalist Islamic Government in Sudan; and it wished to relocate the estimated 12,000 Ethiopian Jews – called the Falashas – in Israel.

Alarmed Arab states are responding by stepping up arms deliveries to the secessionist Eritrean rebels.

The strategic importance of the Red Sea coast has long been behind military intervention in the Horn. Between 1953 and 1977, the US provided military assistance to Ethiopia in return for naval facilities at Massawa and access to a communications station at Kagnew, near the Eritrean capital of Asmara.

The Soviet Union retaliated by arming Somalia and Sudan. After the Ethiopian revolution of 1974 and the emergence of a Marxist regime in Addis Ababa, the two superpowers swapped sides.

The Soviet Union and Cuba, previously assisting the Eritrean rebels, moved into Ethiopia at the time of the 1977 Ogaden war against Somalia, while the US started supplying Somalia and Sudan with military hardware.

Less than a decade later, both superpowers began reassessing their commitments. US arms supplies to Sudan were cut off in the mid-80s, while last year military assistance to Somalia was suspended. The Americans also indicated that the naval facilities agreement for the Somali Red Sea port of Berbera will not be renewed.

Under Mr Gorbachev concessional arms agreements with Ethiopia are ending. Soviet diplomats in the Ethiopian capital of Addis Ababa are privately saying that the current four-year $2bn (£1.2bn) arms agreement will not be renewed after it expires on December 31st. The 1,500 Soviet military advisers present in Ethiopia last May have been cut to 600 and have, since December last year, been pulled out of war zones.

Last month the Soviets refused to allow their 18 Antonov transport planes stationed in Addis Ababa to be used to resupply the besieged government garrison town of Asmara.

Similarly the Cubans, who at one time had 18,000 troops in Ethiopia, took swift advantage of the superpower rapprochement, and pulled out their remaining 3,000-strong contingent last September.

East Germany was Ethiopia's other staunch East bloc ally, symbolised in the strong personal friendship between President Mengistu Haile Mariam and Mr Erich Honecker.

As well as a flow of arms, either as gifts or on concessional terms, East Germany provided the Ethiopian security police with computers and bugging equipment, backed up by more than 400 members of the Stasi, East Germany's secret police force.

At the time of an abortive coup attempt last May, President Mengistu was on a state visit to East Germany. During that trip he was promised 200 Soviet-designed T55 tanks as a gift. One hundred were delivered before the fall of Honecker, but the rest of the consignment has since been cancelled. The Stasi have been recalled home, although some have chosen to stay on.

The increased military links with Israel come against this background. Last December the Chief-of-Staff of the Israeli Army, Gen Dan Shomron, visited Ethiopia with a military delegation.

According to military attachés in foreign embassies, the Israelis have supplied Ethiopia with cluster bombs for use against the Tigray People's Liberation Front (TPLF), a consignment of Uzis and small arms, and several military advisers. The range of assistance has apparently been limited, however, by Washington's insistence that US-origin weapons cannot be diverted to Ethiopia.

Israel's ambassador to Ethiopia, Mr Meir Joffe, denies his country is supplying military assistance. But he does concede that his Government is increasingly concerned about the growing Arab military presence in Eritrea, and about preventing the Red Sea from becoming an Arab sea. "We want to make sure the southern outlet of the Red Sea remains secure," he said in an interview in which he emphasised the dangers of an Islamic push southwards.

Meanwhile, Israel's presence in Addis Ababa has allowed the secessionist Eritrean People's Liberation Front (EPLF) to appeal to Arab governments for assistance. Although the leadership of the EPLF is predominantly Christian, half the region's population is Muslim.

In the last three months recycled Soviet weapons, including heavy artillery like 122mm Howitzers from Syria and Iraq have been shipped in to the EPLF. The Libyans have been delivering consignments of weapons including ground to air Sam-7 missiles, and the Saudis have provided more than 20 light 30ft-35ft hulled boats with outboard motors, used for the lightning assault on the port of Massawa last month and the destruction or capture of 12 Ethiopian naval vessels.

In Tigray, the TPLF is also starting to take effective control of the territory. The overall result, says diplomats in Addis Ababa, could be the break up of Ethiopia in an atmosphere of increasing Christian-Moslem, Arab-African tension.

The scenario that now seems possible is the emergence of a de facto independent Eritrea not recognised by the West, which would be forced to turn to the Arab world for economic assistance.

Inevitably in the Horn, conflicts spill over borders. In neighbouring Sudan, where a seven-year-old civil war has been waged between the mainly Christian south and the mainly Muslim north, President Omar el-Bashir claimed last month that Israeli military advisers were fighting alongside the rebel Sudan People's Liberation Army.

Like the EPLF, Gen Bashir, an Islamic fundamentalist, is using the Israeli threat to appeal for increased military support from Libya and Iraq to crush the rebels.

"There is going to have to be some hard-headed thinking in Washington and Moscow about the regional implications of the impending collapse of the Mengistu regime," said one Western diplomat in Addis Ababa.

"Arab-African conflicts could present us and the rest of the continent with a worse nightmare than we have had over the last 30 years."

Senate set to approve clean air legislation

By Peter Riddell, US Editor, in Washington

THE most far-reaching clean air legislation in US history is this evening expected to surmount the crucial hurdle of approval by the Senate after a month of close votes and clashes between environmentalists and coal mining and motor industry interests.

The measure, worked out after lengthy bargaining between the White House and Senate leaders of both parties, will be as important for US industry as the tax changes of 1981 and 1986 as it will cost at least $21.5bn a year by the end of the decade.

The compromise has been preserved in face of warnings that "deal busting" amendments would provoke a presidential veto. Senator George Mitchell from Maine, the Democratic majority leader and a strong environmentalist, has argued that "if we don't get a clean air bill this year, we will not get a clean air bill this century."

Senator Mitchell's leadership faced a strong challenge last week from Senator Robert Byrd, his predecessor as majority leader, from the mining state of West Virginia. He pressed a scheme costing $500m to compensate the 3,000-5,000 miners in his own state, and other areas of Appalachia and the Mid-west, who stand to lose their jobs from provisions encouraging power-utilities to shift away from the high-sulphur coal they produce.

Senator Byrd used all his influence as chairman of the Senate Appropriations Committee controlling spending projects to lobby support, while Senator Mitchell and the White House warned that the measure would wreck the bill.

The Byrd amendment was defeated by one vote, 50 to 49, though with 38 Democrats in the minority against their leader, who was backed by only 16 on his side.

The Democratic and Republican leaderships also worked together to defeat by six and seven vote margins two proposals to strengthen restrictive provisions on motor-vehicle emissions and on urban smog.

The resulting measure emerging from the Senate includes proposals to cut acid rain emissions, to control sources of toxic waste, to reduce smog-producing exhaust emissions from 1993 onwards (at a cost of $100 or more per car according to the industry), and to introduce a clean fuels programme.

The House is considering a parallel measure, which will have to be reconciled with the Senate version during the summer. Its Energy and Commerce Committee has approved tough anti-smog provisions similar to those rejected in the Senate.

Shopping binge feared in Brazil

By John Barham in Sao Paulo

SUPERMARKETS, shopping centres and department stores across Brazil are bracing for a possible consumer spending binge this week, as Brazilians begin drawing their salaries.

Consumer behaviour will be a crucial omen for the government's drastic anti-inflation policy. The Economy Ministry calculates that roughly $11bn in salaries will enter circulation this week. Pay packets have been fattened with an increase to compensate for last month's inflation, while prices have begun falling.

If pay packets are emptied into speculative consumption and black market dollars, the inflation policy will be considered to have received a thumbs down, despite opinion polls that show President Fernando Collor de Mello's frontal attack on inflation has the backing of over 80 per cent of the population.

However, if consumers react calmly by saving and spending prudently, the policy may be said to have passed another key test.

Nonetheless, there is growing concern that recession may be the price of victory against inflation, so workers may prefer to save in preparation for expected redundancies or wage cuts.

Just a simple Texas cowboy worth $100m

Peter Riddell on the frontrunner in the campaign for governor of the Lone Star state

THE Old West lives. Mr Clayton Williams, the Republican candidate for Governor of Texas, is fighting for cowboy values in the cowboy state; in his own words, "a self-made man who is as comfortable on the back of a horse as he is in a corporate board room". But he is John Wayne with a fat cheque book.

If you want to be Texas Governor the campaign will cost you up to $20m. Becoming a US Senator for the state is only slightly less expensive. Becoming a big city mayor or state commissioner for agriculture will set you back between $1m and $3m.

No wonder that only the personally wealthy or those willing to spend a large part of their time fund-raising seek the top offices.

That is no problem for Mr Williams, who is worth what Texans call a unit – $100m – from his wide range of cattle, oil, telecommunications and oil interests. He has already spent $6m of his own money merely to become Republican candidate for an election more than seven months away. And there has been more spent indirectly.

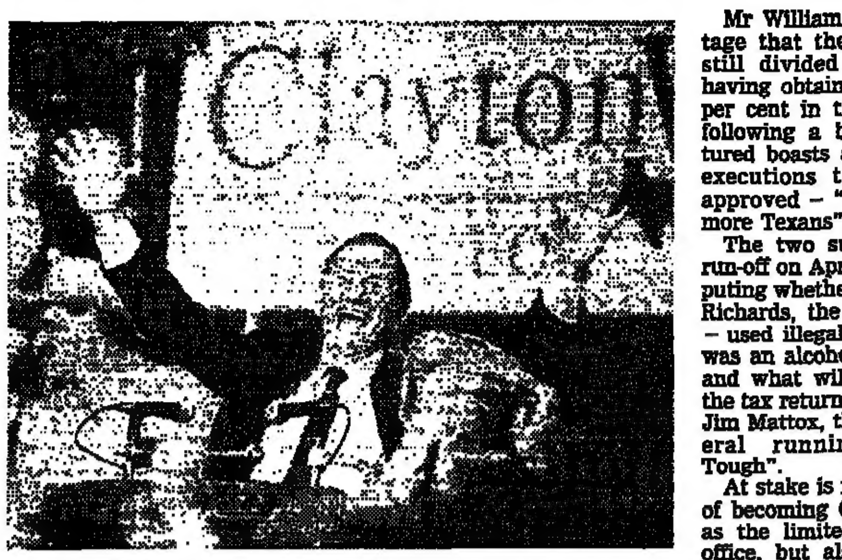
All candidates have spent more than $28m so far in the governor's race, notably on television advertisements. By November about $50m may have been spent. By contrast, spending by national parties and local candidates in the 1987 British general election was $35m at most.

The rise of Clayton Williams is the political story of this year's US mid-term elections. Never having held office before, he won more than three-fifths of the vote in the March 13 primary and is now the frontrunner to lead the third-largest US state.

Mr Williams appeals to the self-image of many Texans, however urban, as cowboys upholding the simple truths of the Old West. He first came to public notice in 1983 when he led a troop of horsemen up the steps of the state capitol building in Austin to lobby, successfully, against a telephone deregulation bill which would have hurt his company.

His current television advertisements show him riding a horse and he talks of military drill and camps for drug offenders – "introducing young people to the joys of busting rocks".

His message is simple – a $1.5bn anti-drugs package combining counselling, tougher law enforcement and a doubling of prison space to be financed by $1.6bn in cuts in spending produced by reductions in the number of state cars and aircraft and by efficiency savings. And he is firmly in the prevailing no-tax-increase camp.



Clayton Williams after winning the Republican primary

Mr Williams has little to say about the serious problems in the state's education and mental health systems, which, together with the prisons, are subject to court supervision.

Mr Williams clearly loves all the attention. Noting that his first job was selling life insurance, he sees the Governor as a real salesman.

He has also made his mistakes. Last weekend, for instance, he compared rain on his ranch with a woman being raped: "If it's inevitable, just relax and enjoy it." This remark, for which he has rapidly apologised, not only infuriated women's groups but also highlighted the fine line between charming naïveté and becoming an embarrassment.

Yet, like Ronald Reagan, Williams has a likeability which can overcome such mistakes. And, he is similarly surrounded by professionals who keep him in check most of the time.

Mr Williams has the advantage that the Democrats are still divided – no candidate having obtained more than 50 per cent in the first primary, following a battle which featured boasts about how many executions their rivals had approved – "who has killed more Texans".

The two survivors for the run-off on April 10 are now disputing whether one – Mrs Ann Richards, the State Treasurer – used illegal drugs when she was an alcoholic 10 years ago, and what will be revealed by the tax returns of the other, Mr Jim Mattox, the Attorney General running as "Texas Tough".

At stake is not just the glory of becoming Governor as well as the limited powers of the office, but also, more specifically, a key role in the forthcoming battle with the Democrat-controlled state legislature over congressional district boundaries. This could affect the fate of four or five seats in the House of Representatives.

At a time when US politicians are celebrating the triumph of American democratic values in Eastern Europe and Latin America – and providing advice on how to conduct elections – visiting Poles, Czechs and Hungarians should make a detour to the Lone Star State to see how money talks and nominations can be bought.

World Bank in pledge on Latin American lending

By Stephen Fidler in Montreal

THE World Bank's expanding role in eastern Europe will not lead it to reduce its lending to Latin America, the Bank's president, Mr Barber Conable, said yesterday.

Addressing the annual meeting of the Inter-American Development Bank, which opened yesterday, Mr Conable pledged "that the increased activities of the World Bank group in eastern Europe will not penalise our programmes either in Latin America or in the rest of the world."

However, he said that the opening up of eastern Europe would provide powerful competition for foreign investment, which should encourage countries in Latin America to create an attractive business environment.

"Given the fiscal pressures in most donor countries, we cannot be very optimistic about the prospects for large increases in official development assistance," he said. Attracting private investment would therefore be critical.

Mr Conable, whose schedule yesterday included a meeting with Ms Zelia Cardoso de Mello, Brazil's Economy Minister, emphasised the need in the 1990s to correct Latin America's crumbling infrastructure and deteriorating health and education indicators.

He said a recent study by the World Bank estimated that $10bn in road infrastructure has been lost in Latin America over the past few years due to inadequate maintenance.

Minister quits in Bahamas

By Athena Damianos in Nassau

A bitter month-long debate in the Bahamas' House of Assembly over opposition allegations of misuse of official position has led to the resignation of Mr Ervin Knowles, Minister of Agriculture, Trade and Industry.

Mr Knowles, who was also chairman of the Bahamas Agricultural and Industrial Corporation, has consistently dismissed complaints of nepotism raised by the opposition Free National Movement as "baseless lies."

However, last week he conceeded the matter could cause embarassment to the government of Prime Minister Sir Lynden Pindling, and resigned.

US purchasing index edges up

The purchasing managers' Report on Business index, based on data compiled from monthly replies to questions to over 300 US industrial companies, edged up from 48.3 per cent in February to 48.8 per cent in March, Anthony Harris reports from Washington.

This level is the highest the index has registered since June 1989. A reading below 50 represents falling activity. Mr Robert J. Bretz, chairman of the National Association of Purchasing Management's Business Survey Committee, said: "The continued easing in the pace of the economic decline as we exit the first quarter is encouraging...but caution should be exercised, since the first robin never makes it Spring."

Guerrillas intensify Peru poll violence

By Sally Bowen in Lima

PERUVIANS go to the polls next Sunday amid an intensified campaign of intimidation from the Maoist Sendero Luminoso (shining path) guerrillas.

Within 36 hours last week and in broad daylight two parliamentary candidates were assassinated, one in the central Andean town of Huancayo, the other in an outer Lima suburb. A car bomb exploded outside the Ministry of Economy and Finance, killing two and injuring 39 and there have been bombings across the country.

Novelist Mr Mario Vargas Llosa, leading the Democratic Front alliance, is clear front-runner for the presidency but is unlikely to obtain the 50 per cent he needs to avoid a second-round run-off.

Final opinion surveys give Mr Vargas Llosa some 42 per cent support nationally, a comfortable lead over now second-placed Mr Luis Alva Castro of the ruling American Popular Revolutionary Alliance (Apra). The Democratic Front is a slightly uneasy alliance of the novelist's Freedom Movement and two older centre-right parties, former President Fernando Belaunde's Popular Action and the Popular Christian Party, headed by Mr Luis Bedoya. It looks unlikely to obtain an outright parliamentary majority in either house.

The United Left, the second political force in the general election of 1985, is now divided. Neither the original party's university professor candidate Mr Henry Pease nor Socialist Left's mildly Marxist ex-mayor of Lima Mr Alfonso Barrantes is expected to reach 12 per cent of the vote. Mr Barrantes' broad-based popularity has been insufficient to overcome weak grass roots party organisation and lack of financing.

Apra's steadily improving opinion poll performance has amazed and disconcerted many Peruvians, especially in the capital. In a recent television interview Mr Vargas Llosa said: "I simply can't believe that one in five Peruvians wants the present government to continue."

Inflation is running at between 30 and 35 per cent monthly, reaching a record 2,775 per cent last year. Political violence claims an average of almost nine lives a day. The economy is beset by a swollen public sector, rampant corruption and heavy dependence on illegal coca earnings.

Mr Vargas Llosa promises to restructure the state, privatise all state companies, take personal charge of the anti-subversive war and bring inflation down to 10 per cent within a year.

WORLD TRADE NEWS

EC and Washington agree how to liberalise trade in services

THE EC and the US have agreed how to liberalise the $600bn a year world trade in services, William Dullforce reports from Geneva. A joint paper to the group negotiating services in Gatt's Uruguay Round outlines initial commitments countries would be expected to make under a framework agreement and a mechanism for achieving further liberalisation.

By resolving most of their differences, the two trading powers have kept the talks on track for a draft text of a General Agreement on Trade in Services (Gats) ready by July. But their approach contrasts with that preferred by most developing countries, leaving unsettled matters the developing countries consider vital.

Under the EC-US proposal, governments would start applying in full some basic provisions, including non-discrimination and transparency (making public information on all regulations and guidelines) to trade in services.

Other basic provisions, such as national treatment for foreigners and free market access, would be applied however far they were not inconsistent with a country's existing legislation or regulations. But each would have to identify on a schedule all inconsistent laws and rules, or else comply with the general provisions.

GATT

A country can also negotiate limited reservations to some provisions for inclusion on its schedule. But it would be bound to allow cross-border sales, the movement of persons to sell services, rights of establishment, licensing and certification, unless its schedule included specific reservations on these points.

After the entry into force of the framework agreement and the schedules of reservations, liberalisation would go forward through periodic multilateral negotiations, during which the inconsistencies with the basic provisions and the reservations would be gradually eliminated.

Countries would be able to negotiate improvements bilaterally but benefits resulting from bilateral concessions would have to be extended on a most-favoured nation basis to all other countries. South Korea, for instance, would have to extend to others the advantages it has recently conceded under pressure to US insurance companies.

The sting in the tail of the EC-US proposal comes in the last sentence which would allow a government to refuse to apply Gats provisions to a country it considered was maintaining too many reservations on its schedule.

In essence, the EC-US approach calls on countries to liberalise trade in services to the fullest extent, apart from the specific reservations they may include on their national schedules. Mr Richard Self, chief US negotiator, said the approach was supported by practically all the OECD countries. The developing countries want to stick to the traditional Gatt approach of gradually eliminating over time existing obstacles to free trade.

Despite their agreement on approach, the EC and US continue to differ on some fundamentals. Brussels has not convinced Washington that the Gats should cover all services sectors. The US retains the option to negotiate separate agreements for financial services, telecommunications, shipping and civil aviation.

Canadians to visit Mexico this week

A TOP-LEVEL Canadian trade mission visits Mexico this week, in the latest move by the two nations to expand commercial ties, Bernard Simon reports from Toronto. An official said the mission, due after a trade ministers' meeting in Mexico City, is "part of intensifying the relationship" between Canada and Mexico.

Recent contacts have included a visit by five Mexican cabinet ministers to Ottawa, and a trip by Canada's Premier, Mr Brian Mulroney, to Mexico in March.

Canada's interest in Mexico has grown following reports that the US and Mexico are edging towards a bilateral trade pact, and after a study on the threat to Canadian car-parts makers in the US market from Mexican industry. Mexican exports to the US have recently shown a growing similarity to those from Canada.

Canada dismisses such fears. The US-Canada pact will eliminate customs duties between the two by January 1 1998, but products originating in third countries are excluded from the free trade arrangement.

Canada-Mexico trade is modest compared with both countries' trade with the US.

EC aims for talks with Efta in May

By David Buchan in Luxembourg

THE European Community has said it hoped to start full-scale talks on a common economic zone with the European Free Trade Association (Efta) next month, despite fresh financial complications.

Mr Frans Andriessen, EC External Relations Commissioner, said preliminary discussions with the seven Efta nations had failed to resolve disagreements over how the two blocs should reach decisions.

Nor had they solved how far Efta countries could accept EC rules in agriculture, fish and movement of workers, as well as on free establishment of banks and free movement of capital. Switzerland, Sweden and Liechtenstein were proving the most resistant, EC officials said.

In his country's increasingly evident role of spokesman, at least for his fellow-Scandinavians within the EC, Mr Uffe Ellemann-Jensen, Danish Foreign Minister, said he hoped the EC would finish its negotiations with Efta before embarking on its own internal monetary negotiations. But Mr Andriessen thought any EC-Efta accord was more likely to come early next year.

● *Mr Andriessen told minis*ters he would continue exploratory talks on future treatment of Japanese car imports restraint with Tokyo, which had told him last week it was ready to discuss transitional restraint while the EC moves to a free car market after 1992.

● The EC and Argentina yesterday signed a trade and economic co-operation pact held up until President Carlos Menem restored full diplomatic relations with the UK. The accord is designed to foster two-way trade, amounting to Ecu3bn ($3.63bn) a year, and establishes a joint committee to meet once a year.

● Britain yesterday gained the backing of several of its EC partners in calling for immediate suspension of all quotas specifically targeted at imports from Czechoslovakia, in recognition of the latter's strides towards full democracy.

Mr Andriessen said the UK suggestion, made in the wake of President Vaclav Havel's visit to Britain, would be considered in the action plan Brussels was drawing up for the Group of 24 western aid donors.

EC foreign minsters yesterday backed the Commission's conclusion that Czechslovakia, Romania, Bulgaria, Yugoslavia, and East Germany were *making enough progress to* political and economic reform to warrant Group of 24 aid.

Kaifu launches US-Japan talks with call to Bush

By Nancy Dunne in Washington

MR Toshiki Kaifu, Japan's Prime Minister, yesterday launched a key set of US-Japan talks with a 15-minute telephone call to President George Bush explaining his efforts to resolve the trade tensions between the world's two largest economies.

In addition to the 64-member Japanese delegation now in Washington for the talks, due to end today, Mr Kaifu sent a personal envoy to meet the President and Administration officials to stress his commitment to progress. Mr Nobu Matsunaga, former Ambassador to the US, will present a letter from Mr Kaifu to the President.

President Bush called the telephone conversation "very fruitful" and said he was encouraged about the efforts to narrow the $49bn trade imbalance between the two countries.

The talks, under the Bush Administration's Structural Impediments Initiative, are to produce an interim report due tomorrow, in which both sides state their plans to attack deep-rooted problems identified as the source of the US deficit.

A Japanese Foreign Ministry official insisted Japan's response to US complaints was not the result of threats of US retaliation, but deadlines, set by Congress, which could end in sanctions looming. The official portrayed the package of proposed reforms as an effort to make the Japanese economy more compatible with the rest of the world.

Echoing the argument made in frequent trips to Tokyo by White House officials, he said: "We are living in a world of increasing inter-dependence. We have to live with other countries, or we cannot conduct business with them".

The official noted widespread criticism in his country's media of Japanese business practices and said: "This is not being done for the sake of others, but for Japanese consumers".

Recent progress in sectoral talks had come, he added, through "close co-operative efforts" with members of the Prime Minister's Liberal Democratic Party and cabinet officials.

Agreements in principle have been struck on US complaints over trade in satellites, supercomputers and telecommunications, but more negotiations will be needed for final settlement of the telecommunications issue. The official said there was a "certain prospect of settlement" on US demands for an end to trade barriers on foreign lumber exports.

The Japanese are reported to have come to Washington with a list of 80 suggestions for improving the US economy. The package of Japanese reforms is expected to include: partial deregulation of the retail system to hasten approval of building permits for large stores; an increase of spending for Japan's Fair Trade Commission and public works system; and changes in land use policy.

Motorola wins chip reprieve in US court

By Louise Kehoe in San Francisco

MOTOROLA, the leading US semiconductor manufacturer, has won a reprieve from a court judgment that would have halted sales of its flagship microprocessor product in the US.

On Friday a federal judge in Austin, Texas, suspended a court order that would have immediately prevented Motorola from selling one of its most popular and profitable semiconductor devices in the US market.

The order stemmed from a patent infringement dispute between Motorola and Hitachi, of Japan, in which both companies accused the other of patent infringement.

In a judgment issued last Thursday, both companies were found to have infringed the other's patent rights. Both companies were ordered to halt shipments, in the US, of infringing products. In addition, Motorola was ordered to pay Hitachi $500,000 in damages, while Hitachi was ordered to pay Motorola $1.9m.

The judge's decision was, however, more damaging to Motorola and to its customers in the US computer industry including Apple Computer, Hewlett-Packard, Next Inc and others who rely upon Motorola for supplies of this critical microprocessor component.

Motorola immediately appealed against the judge's decision to ban sales of its 68030 microprocessor, and on Friday won a temporary reprieve. With three patent disputes still pending between Motorola and Hitachi, the companies are now under intense pressure to reach an out of court settlement less damaging than the court order.

Glaxo plans stake in Soviet drug factory

By Peter Marsh

GLAXO, Britain's biggest pharmaceuticals company, *plans to take a majority share* in a factory in the Soviet Union to make Zantac, the company's ulcer drug, which is the world's top-selling medicine.

The venture would be among the first manufacturing projects in the Soviet Union by the international drugs industry. Several big drugs companies are considering investments there, and eastern Europe, because of recent political *changes in the region*, but most schemes are still at the early planning stage.

Interest in the Soviet Union by the medicines business is high. Much of the large demand for pharmaceuticals there can scarcely be met from Soviet drugs plants, many of which have been closed in the past year because of pollution problems.

The cost of the Glaxo project is still being worked out, but it is thought the UK company *might contribute slightly more* than half the total £50m investment in a new factory. The rest would most likely come from Karl Marx Kombinate, a Soviet state-owned medicines organisation which would act as Glaxo's partner for the venture.

Glaxo is at an "advanced stage of discussion" on setting up the drugs factory, at Krasnodar, in the Kuban region. If the plan goes ahead, work would start next year, with the plant ready in 1994.

● KLM Royal Dutch Airlines said it will begin twice weekly flights to Dresden, East Germany, starting on July 4, the company announced, AP-DJ reports from Amsterdam.

The 1½ hour service on the Boeing 737-300 will leave Schipol airport on Wednesdays and Fridays.

S Korea asked to ease curbs on Scotch whisky

By James Buxton, Scottish Correspondent

SOUTH KOREA is being asked to ease its restrictions on Scotch whisky sales, by officials of the Scotch Whisky Association (SWA) who are visiting Seoul this week. The association says that discrimination against Scotch whisky in South Korea is "penal and blatant".

Although South Korea in January ended the quota system which severely limited exports of whisky bottled in Scotland, the SWA says that Scotch and other imported whiskies are confined to 1 per cent of the South Korean spirits market, by six different taxes which can inflate the price of a bottle of whisky more than 11 times before it reaches the consumer.

The taxes, higher than those on imported brandy and white spirits, as well as on domestic spirits, mean a standard bottle of Scotch whisky landed for less than £3 can sell for £30 in a South Korean supermarket.

Because of the tax system, whisky can cost £90 a bottle in saloons, nightclubs and bars, the SWA says. It complains that licensing procedures for wholesale liquor distributors face onerous restrictions, making it possible for influential South Korean companies to block the distribution of whisky.

Scotch whisky companies are not allowed to trade in Korea but must use local companies. The local spirit, *soju*, has 97 per cent of the spirits market.

Mr Bill Bewsher, director general of the SWA, says that after Britain's recent success in persuading Japan to reduce its taxes on Scotch whisky, he hopes to make progress getting South Korea to do the same.

UK NEWS

Britain to stay out of Unesco, US may follow

By Robert Mauthner, Diplomatic Correspondent

BRITAIN is expected to announce today that it will not, for the moment, rejoin the United Nations Educational, Scientific and Cultural Organisation (Unesco) which it left in December 1985.

The decision is expected to be followed in the near future by a similar move by the US, which withdrew from Unesco a year before the UK.

Both the British and US governments, which withdrew from the international organisation because they felt it was too politicised, overmanned and financially mismanaged, have been disappointed that the reform programme promised by Mr Federico Mayor, Unesco's director-general, has taken so long to implement.

London and Washington, as well as several other industrialised countries, including Canada, Australia, Japan and Switzerland, have objected particularly to Mr Mayor's recent nomination of some 20 new senior directors without prior consultation of Unesco's Executive Board.

Mr Mayor's critics also claim that these appointments will cost more than $6m at a time when the organisation should be concentrating on financial retrenchment - he maintains that the budgetary cost is only half that amount.

Equipment cuts forced by surprise inflation rise

Drop in defence spending marks post-war milestone

By David White, Defence Correspondent

BRITAIN'S spending on defence is expected to fall by 3 per cent in real terms in the next financial year, officials disclosed yesterday on publication of the 1990 defence policy paper.

The drop means UK defence spending will fall below 4 per cent of gross domestic product for the first time since the Second World War. In 1989 Britain was the third largest spender in Nato in terms of share of GDP, after Greece and the US.

At the same time, the Ministry of Defence is planning to start wider consultations "as soon as possible" on changes under review within the Ministry concerning the size and structure of Britain's forces.

Mr Tom King, the Defence Secretary, said: "It is important that we proceed with all reasonable speed." However, he would not say when the first conclusions were expected from current work on "options for change" being undertaken by the central defence staffs and the MoD's Office of Management and Budget.

The £21.2bn expenditure for 1990-91 agreed last autumn between the Ministry of Defence and the Treasury was initially designed to hold the the level in real terms roughly steady. But higher than expected inflation has forced the MoD to accommodate reductions, particularly in the purchase of equipment.

Officials said they expected the spending figures agreed for the two subsequent years would mean a resumption of inflation-adjusted growth and bring the budget roughly back to the level of 1988-89 in real terms. However, they said the plans could be affected by the outcome of the review now under way.

Defence spending in 1989-90 is expected to show a 1.5 per cent rise in real terms to £20.63bn, almost £500m more than planned.

Mr King said yesterday's policy document was not meant to be a master plan but to provide the background to the current studies.

He acknowledged that uncertainty about the Government's plans had caused jitters in the armed forces, especially in West Germany.

At a press conference he underlined "the importance of giving our servicemen the earliest possible indication of what the outcome is likely to be."

Mr King said changes in the UK's defence commitments had to await developments in the Conventional Forces in Europe (CFE) arms reduction negotiations and the "two-plus-four" talks on the future of Germany and Berlin.

British forces would continue to be needed in Germany even if the Soviet Union withdrew all its troops from Eastern Europe, he said.

The presence of Nato troops was justified by the relative difficulty of sending reinforcements across the Atlantic. Total removal of these troops would be "enormously damaging to the present structure of Nato," he added.

The policy document reaffirms the Government's policy on introducing the Trident submarine-launched nuclear deterrent from the mid-1990s, irrespective of prospects for a US-Soviet treaty to reduce strategic arms.

"Reductions in US and Soviet strategic arsenals would have to go much further before we could even consider including the British deterrent in any future negotiations."

Former director of Citicorp arm on share charge

By Richard Waters

A FORMER director of Scrimgeour Vickers Asset Management, a Citicorp subsidiary, has been arrested and charged with making misleading statements over the sale of a £23m block of shares in Ferranti.

The two charges against Mr Christopher Nigel Roberts relate to the sale of shares last July to Smith New Court, securities house. Earlier this year, Smith New Court started its own legal action for damages against Scrimgeour over the sale, alleging fraudulent misrepresentation.

The charges, carry a maximum penalty of seven years imprisonment, a fine, or both.

Mr Roberts was arrested after a joint investigation by the Metropolitan Police and the Serious Fraud Office and released on bail.

The shares had been owned previously by Mr James Guerin, Ferranti's former deputy chairman and former head of International Signal and Control, which was sold to Ferranti in 1987. A massive alleged fraud at ISC was revealed less than two months after Smith New Court bought the shares.

Smith New Court reported a substantial loss, thought to be nearly £8m, on its Ferranti stake last year, and is thought to be sitting on a further loss of around half as much again.

The scene yesterday at Strangeways Prison

Police press to retake prison

By Alan Pike

THE operation to regain control of Strangeways Prison, Manchester, northern England, continued yesterday.

Home Secretary David Waddington told MPs that there would be a thorough inquiry.

He told a silent House of Commons: "The general picture is of prisoners indulging in violence on other prisoners - the full consequences of which remain to be discovered."

Prisoners in one cell block hung a makeshift poster from a window proclaiming "No Dead" as parliament debated the riot

Prison officers regained control of the remand wing yesterday morning, and during the afternoon took control of the kitchen area and stores.

By yesterday evening 114 prisoners were still at large.

So far 1,458 inmates have been transferred to other prisons and 24 are in outside hospitals suffering from injuries received in the riot. Some were suffering from drug overdoses, apparently after rioters broke into the prison pharmacy.

As darkness fell about 20 prisoners were on the roof.

PARLIAMENT DEBATES LONDON RIOT

Tax campaign MPs accused of backing violence on streets

By Ralph Atkins

THE CONSERVATIVE government's attempts to blame comments by some opposition Labour MPs for encouraging violence at Saturday's anti-poll tax demonstration sparked political clashes in the House of Commons yesterday.

Opposition MPs were incensed at what they saw as a descent into "party politics" by Mr David Waddington, the Home Secretary.

But Mr Waddington said Labour MPs who backed nonpayment of the new Community Charge, the so-called poll tax which has replaced the old rates system, could not expect those they sought to influence "to draw a neat distinction between one sort of law breaking and another."

His comments came as Mr Chris Patten, environment secretary, prepared to detail arrangements for setting limits on high-spending authorities.

His announcement is likely to fuel the intense political debate in parliament about the implementation of the poll tax. Conservatives remain uneasy about the impact on many traditional Tory voters but were yesterday united in condemning the weekend's riots.

The number of councils likely to be "capped" on spending is not thought to exceed two dozen, despite substantial differences between Government estimates and actual poll tax rates set. Local authorities may challenge the Government's decision in court, further delaying and confusing this year's settlements.

In his House of Commons statement, Mr Waddington said about 3,000 "troublemakers" had remained behind after Saturday's rally in central London. He condemned the "disgraceful criminal behaviour" and promised that the police would "make every effort to bring to justice those who committed these appalling crimes."

Mr Waddington repeatedly dismissed Labour calls for a wider inquiry into the cause of the outrage. "One can identify quite easily the causes of this violence – sheer wickedness," he said.

His remarks, which won enthusiastic backing from Government non-cabinet ministers increased pressure on the Labour leadership to take a stand against those backing the campaign of peaceful civil disobedience.

But Labour party sources reacted angrily, accusing the party of "mudslinging". They argued that MPs backing nonpayment – although wrong – had the right follow their consciences.

They stressed that any legal action was a long way down the line and that party members could only be disciplined in the near term if they broke Labour Party rules.

Mr Roy Hattersley, opposition spokesman on home affairs said the party "condemned without reservation or qualification" the violent scenes. He asked Mr Waddington to consider a investigation into the extremist organisations behind the violence.

Mr David Nellist, and spokesman for the All-Britain Anti-Poll tax federation, condemned the action of anarchists.

Shopkeepers fear for a taxing way of life

By Richard Evans

THE 500,000 small shopkeepers in England and Wales who live over the shop, often regarded as the bedrock of Conservative Party support, fear they could be a dying breed because of the dual impact of the poll tax and the uniform business rate.

Research conducted by the National Federation of Self Employed and Small Businesses has found that corner shop owners, similar to Mrs Thatcher's father in Grantham, stand to lose most from the Government's reform of the rating system which came into force on Sunday.

The belief is that the combination of higher business rates following the recent revaluation, together with community charge payments in place of domestic rates, could drive many small businesses to the wall.

The survey conducted by the NFSE among 200 small businesses where families live above the shop shows that nearly half will be doubly hit by the new rating system because business rates will be replaced by both the UBR and the poll tax.

The survey reveals that 73 per cent of shops with a apartment above face increases of more than 50 per cent, 35 per cent will have their combined rates doubled, and 9 per cent will have increases over 200 per cent, some reaching 400 per cent.

In a letter to Mr Chis Patten, Environment Secretary, the Federation has asked for small business phasing relief, which allows the phasing in over five years of substantial UBR increases, to be extended to include community charge payments for business owners whose families live above the shop.

It also wants the maximum permitted rate increase paid per year by a small business to be lowered from 15 to 10 per cent in real terms, and the threshold to qualify for small business transitional relief raised to a new rateable value of £15,000, or £25,000 in London. Current limits are £10,000 and £15,000.

In addition, it believes that transitional protection should be extended to all businesses in existence on April 1 1990, whether or not they move premises. As matters stand, the full UBR increase has to be paid by any business owner moving premises.

Mr John Harris, chairman of the NFSE rates committee said at a London press conference yesterday that there had never been a single issue about which members felt so strongly.

"The vast majority feel let down and abandoned by a government that previously placed so much stress on support for small businesses."

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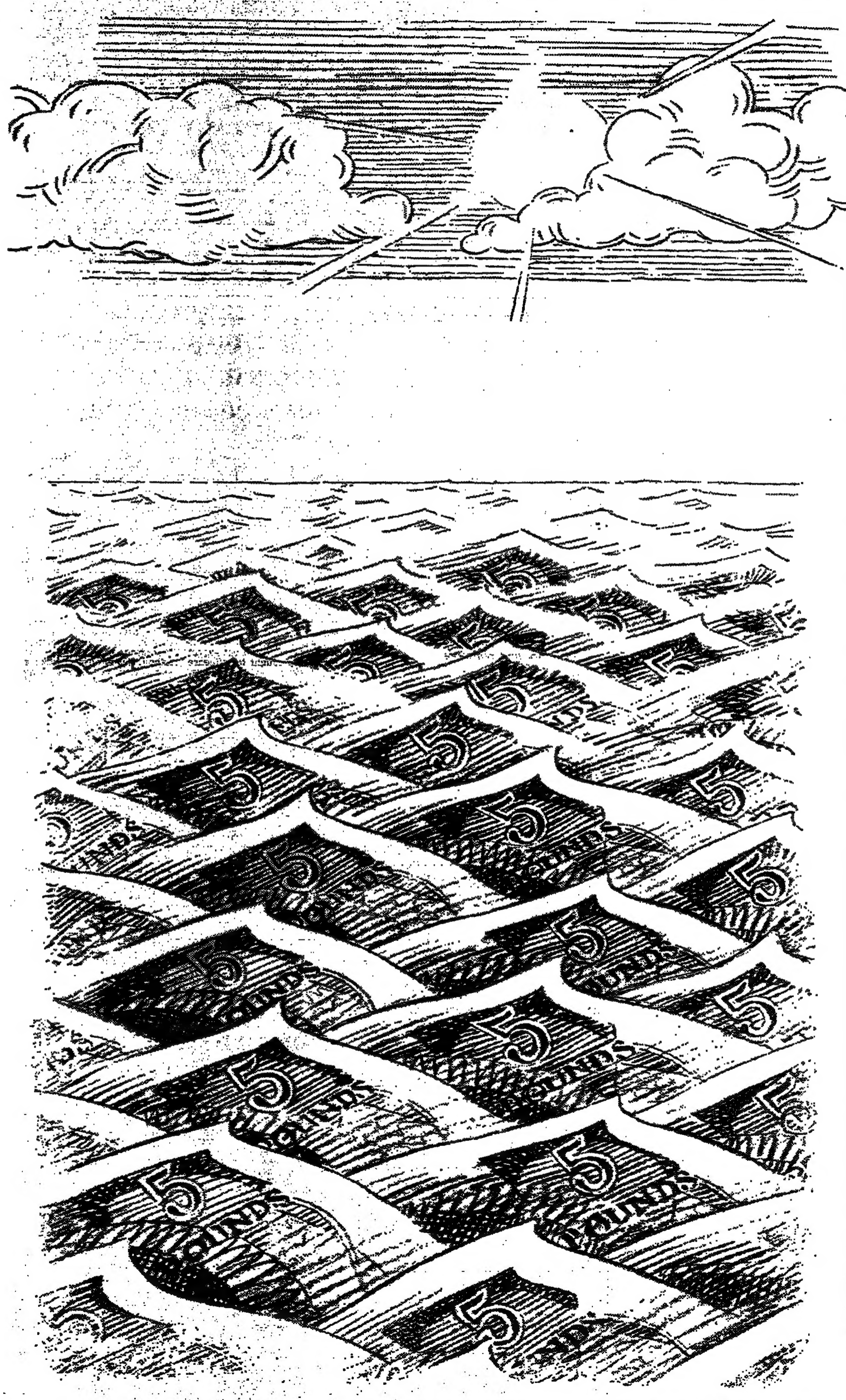

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British Gas monopoly challenged

BP signs deals to supply gas to industrial users

By David Thomas, Resources Editor

BRITISH PETROLEUM has entered the industrial gas market by signing contracts to supply gas direct to companies in northern and central England.

This is only the second time that British Gas's monopoly on the supply of North Sea gas to industrial and commercial users has been dented, following mounting pressure by the regulatory authorities to allow independent suppliers to sell their own gas through British Gas's pipeline system.

BP established a new company, BP Gas Marketing, to tackle the industrial gas market in January. It is planning to announce today that it has signed its first two contracts to supply gas direct to industrial users.

Its first customers are to be Euromax, a subsidiary of Amax, the large US aluminium producer, which will be taking BP gas at its factory in Corby, Northamptonshire; and MS International, which will use BP gas at its defence equipment plant in Doncaster, Yorkshire. The plants use about 1m therms of gas a year each.

BP's industrial gas business will be limited initially by its lack of gas not already contracted to British Gas, but Mr Dick Olver, BP's general manager of European gas, said he hoped that BP would have about 20 industrial customers by the end of the year.

The company is initially concentrating on medium-sized industrial and commercial users of gas in the Midlands, but ultimately it hopes to have customers throughout the country.

Mr Olver said BP was able to compete with British Gas by offering better prices and more flexible contract terms.

Quadrant, a joint venture between Esso and Shell, was the first company to break British Gas's industrial gas monopoly when it signed two customers in Scotland last month. BP will supply its industrial customers initially with gas from the Welland field in the southern basin landed at the Bacton terminal in Norfolk.

British investors discuss plans to privatise Polish TV station

By Raymond Snoddy

A GROUP of British investors is negotiating with the Polish Government on plans to privatise the Polish second television channel and run it on lines similar to Channel 4, one of the UK's independent stations.

Mr Justin Dukes, former managing director of Channel 4, is leading a group of private British investors who would take a 30 per cent stake in the Polish channel if the plan goes ahead.

The British company, European Communications Industries (ECI), and Polish Television have in the past few days completed joint feasibility studies for the creation of an independent Polish second channel.

The feasibility study will now go to the Polish Government and Mr Dukes is expected to give evidence on the proposal to Polish parliamentarians within the next few weeks.

Under the privatisation plan Polish interests would hold a majority stake *and the aim would be to stimulate* Polish television production by creating an independent Polish programme production sector.

In Britain the arrival of Channel 4, which commissions virtually all its programmes, led to the creation of a viable independent production sector.

It is difficult to put a precise value on the channel – the deal involves the equivalent of privatising BBC 2 – but sums of around $20m are being talked about.

*At the beginning ECI, whose inves*tors include Mr James Lee, former chief executive of Goldcrest, and Mr Tim Rix, who has just retired as chief executive of Longmans the publishers, were looking at the possibility of helping to set up a new third television channel in Poland.

When they were told there were serious questions about the future of the second channel because of Poland's economic difficulties the group turned its attention to finding a *viable way forward for the channel.*

Under an agreement signed with Polish Television on a feasibility study all profits in a restructured second channel would go *for five years* towards paying for the creation of a third channel.

The privatisation plan is believed to have significant support in some sections of the Polish Government but it is likely to be opposed by many Polish broadcasters. A privatised second channel would inevitably mean, at *least* in the short term, fewer jobs in the state broadcasting organisation.

February figures welcomed by the Government after January's record rise in consumer credit

Consumer activity slows down but doubts persist over economy

By Rachel Johnson

CONSUMER borrowing and spending in February moderated slightly after January's peak levels, but still gave the UK Chancellor of the Exchequer evidence of the economy's resilience to his policy of high interest rates.

The Central Statistical Office announced that the increase in the amount outstanding of consumer credit in February was £263m, after a record rise in January.

The markets had been expecting a smaller rise of about £200m to follow the record £535m surge in borrowing recorded in the previous month. The Treasury said that the figures "showed a welcome reduction from January's high levels." Final retail sales figures for February, also published yesterday, were revised down slightly. But the total published still indicated that the economy was not slowing as rapidly as the authorities would like.

The rise in the volume of retail sales was revised from 2.4 per cent to 2.2 per cent, a sharp monthly rise. City of London economists said this gave additional evidence of the "traditional interest rate insensitivity of the UK."

The biggest increase was in sales of household goods, which the CSO said could have been a consequence of storm damage. Sales of food were also unusually strong.

Economists said that both sets of data yesterday confirmed the buoyancy of consumer demand and called into question Mr John Major's judgment not to raise taxes further in his March budget.

Mr Simon Briscoe, economist at Warburg Securities, pointed out that the average increase in outstanding credit over the past three months was £225m, higher than the £205m average in the period from September to November. "The trend is upward if anything, and the markets are right to be on their guard," he said.

Figures for outstanding consumer credit, however, have been erratic. The CSO said that a trend had become "difficult to discern" after the distortions of recent months, but that February's official figures showed a "return to the levels of increase experienced in 1989."

Last December, consumers paid off more than they borrowed, resulting in a £39m drop for the first time in outstanding consumer credit. But in January, consumer borrowing reached its record high. The CSO said both figures had been distorted by administrative difficulties caused by last year's 'flu epidemic.

Mr Gordon Brown, the Shadow trade secretary, said: "Within days of his budget, the Chancellor's budget forecasts are already out of step with economic reality after today's higher than expected consumer credit and retail sales figures."

The value of retail sales was 9 per cent higher than in February 1989, based on unadjusted data. The index of final retail sales in February, seasonally adjusted, stood at 124.8 (1985=100), after a provisional estimate of 125.0

● THE value of management buy-outs completed in the first three months of 1990 declined sharply as high interest rates and the problems experienced by recent retail sector buy-outs such as MFI and Magnet have begun to make an impact.

Deals worth a total of £560m were completed in the first quarter, below the £850 figure of the last quarter of 1989 and the record-breaking £3.56bn in the third quarter of that year, according to accountants Peat Marwick McLintock.

The most recent quarter's performance was the lowest since the first quarter of 1988 when, in the aftermath of the October 1987 stock market crash, deals worth just £490m were completed. While the value of deals was sharply lower the number of buy-outs has held up.

Fifteen large buy-outs (each valued at £10m or more) were completed, together with an estimated 105 smaller deals.

This compares with 20 large deals in the fourth quarter of 1989 and 13 in the third quarter.

Direct mail tops growth league in marketing

By Alice Rawsthorn

THE DIRECT MAIL industry has emerged unscathed from the recession in the marketing services sector by becoming the fastest growing area of marketing last year.

The latest statistics from the Direct Mail Information Service show that the level of expenditure on direct mail rose by 43 per cent to £757m in 1989. This means direct mail grew far faster than other areas of marketing, which were restricted to single digit growth for the year.

Direct mail, or "junk mail" as it is commonly called, enjoyed buoyant growth throughout the 1980s. The number of direct mail letters sent in the UK doubled to more than 2m during the decade so that the average household now receives around five items of junk mail every month.

The industry's growth has been fuelled by advances in technology that have enabled companies to identity suitable groups of consumers more accurately. At the same time consumers have found it easier to respond to direct mail due to the wider use of credit cards and of free telephone services to the caller.

Traditionally direct mail has been dominated by the mail order houses and financial institutions, *such as insurance* companies. The UK industry is now following the precedent set in the US for a wider range of advertisers to use direct mail as part of their marketing programmes.

The packaged goods manufacturers, long established as *the bastion of television adver*tising, are increasingly using direct mail: as are charities and pressure groups, such as Friends of the Earth.

However the UK market is not yet in the same state as the US, where direct mail is a more mature marketing medium.

The scale of the direct mail market is also far smaller in the UK than the US. Direct mail may be the UK's fastest growing marketing medium, but the 2m letters delivered across the country pale in comparison with the US where more than 12m mail order catalogues alone were *dispatched* last year.

In Brief

UK should 'consider' imposing ferry rules

Britain should consider imposing higher safety standards for vehicle ferries if agreement cannot be reached on improving existing international safety standards according to a report commissioned by the Government after the Zeebrugge disaster three years ago.

Just under 200 people died when the Herald of Free Enterprise owned by P&O European Ferries capsized just outside Zeebrugge Harbour. Following the accident the Government sponsored a £1m research programme into improving safety of passenger ferries.

Earth tremor

An earth tremor hit much of Britain from the outskirts of London to Manchester and South Wales yesterday but there were no early reports of major damage or injuries, although offices were evacuated in some areas and structural damage was reported in the north-west. The tremor reached four on the Richter scale.

Brymon air link

Brymon Airways, the UK carrier, launched a four-times daily service from London City Airport to Amsterdam yesterday. However, Mr Michael Bathgate, commercial director of the company, warned that a huge question mark would hang over the airport if planning permission for a runway extension was denied.

Ulster training

Northern Ireland's new training and employment agency was formally launched yesterday with a staff of 1700 and an annual budget of £150m. The new body has inherited the functions of several industrial training boards and assumes responsibility for a number of Government programmes.

Risks at seaside

Holidaymakers at British seaside resorts are not being told about the health dangers from swimming in the sea, claims the National Consumer Council. The NCC says in some areas of the UK about two-thirds of beaches fail European quality standards.

London setting for a Hollywood park

By David Churchill, Leisure Industries Correspondent

A GOVERNMENT decision is expected this week on whether the proposed £2bn film studio and theme park development at Rainham Marshes, on the outskirts of east London, should go ahead.

The studios and theme park are being developed by MCA/Universal, the US entertainments group, and a consortium of British companies including the Rank Organisation.

But Rainham Marshes is one of the largest wild-life reserves in the south-east and criticism of the project has *come from* conservation groups. If a public inquiry is held, the project's backers are expected to switch their attention to a site near Paris close to the planned Euro Disneyland theme park, which is due to open in 1992.

Similar film studios and a theme park jointly owned by MCA and Rank are due to open next month in Orlando, Florida, close to the Walt Disney World leisure complex.

Orlando has become a key overseas travel attraction for Britons this year because of the popularity of the Disney theme parks. A new survey by American Express, shows that long-haul holidays to the US are the fastest selling holidays for travel agents.

Holidays to Mediterranean resorts are running at a level 20 per cent below last year.

Meanwhile, there is specula*tion in Florida that Harrods*, the London-based department store, may become the retail flagship for a new shopping mall being developed by Disney at Walt Disney World.

Harrods has already entered a joint venture with Disney and opened a store at Disney's "Queen Mary" attraction at Long Beach, California.

MANAGEMENT: The Growing Business

Swedish entrepreneurs

A need to break out

Charles Batchelor explains how the country's growing companies are overcoming the constraints of a small domestic market

Bewator, a Stockholm-based supplier of access control systems, is currently facing up to the challenge which confronts most Swedish companies as they grow. After more than a decade of concentrating mainly on building up its domestic sales, Bewator is making a determined effort to expand its overseas business.

With just 20 per cent of its SKr49m (£4.9m) turnover coming from outside Sweden – a low proportion by the standards of most growth-oriented Swedish companies – Bewator must increase its exports if it is to maintain the rapid expansion of recent years.

A domestic market of just over 8m people means Swedish companies are forced to think in terms of international markets at a far earlier stage than their British, French or West German counterparts. Companies making specialised or high-technology products are under particularly strong pressure to export in order to reach a sufficiently large market.

Bewator was set up in 1977 by Björn Wallander who could see a market for a door entry system which avoided the need for keys. Wallander's idea was for a push button panel which opened the main door to a block of flats when the right combination of buttons was pushed.

Wallander was an unlikely entrepreneur. He had spent his life in large companies and at his then age of 52 was past the stage when most people branch out on their own. But he resigned following the merger of his then employer – the Swedish Development Company – with another state-owned group and decided to start up on his own.

By farming out the detailed design work and manufacture of his access systems, Wallander, an accountant by training, was able to concentrate on selling it to property owners and developers in Sweden. He financed the business development with SKr30,000 of his own and a credit line from his bank.

Bewator employs just 45 people but it is on the success of small, growing companies of this type that Sweden's industrial future success will in part depend. A long-standing concern of many financiers and industrialists is the country's failure in recent years to match the innovative spurt which characterised it at the end of the 19th century.

Large Swedish companies such as Electrolux, SKF and Alfa Laval hold strong international positions in the fields of household appliances, bearings and food processing equipment respectively, but most were founded before the turn of the century.

A low unemployment rate, generous employment conditions in large companies and high personal taxes which make saving difficult mean there are few incentives for people to start up on their own. "The climate for the entrepreneur is unfavourable," says Lars-Olof Gustavsson, chairman of Four Seasons Venture Capital. "You have to be very independent to start up on your own." Many people who do consider it think solely in terms of their product and lack the marketing skills to build a business, he says.

One problem facing the would-be entrepreneur is a lack of finance to help businesses in their early stages. Sweden's venture capital industry grew rapidly in the early 1980s but contracted sharply again in 1986/87 when many investors pulled out.

"The venture capital funds set up were too small and were too short-term in their horizons," comments Per Wahlström, managing director of Euroventures Nordica. "Managers were untrained in venture capital and focused on the financial rather than the industrial aspects of investments. They also concentrated on early stage investments in high technology companies which are very risky."

Bewator has chosen a different method of financing further growth and international expansion. Wallander sold his company in 1988 – one year before his 65th birthday – to Incentive Development, the smaller companies arm of Incentive, a Swedish investment company. Incentive was set up in 1963 by Marcus Wallenberg, then head of Sweden's leading industrial and financial empire, to back companies with growth potential.

Incentive has 14 controlling interests, including publicly-quoted companies such as Garphyttan Industrier, an engineering group, and Hasselblad, the camera manufacturer; and unlisted companies like Munters, a manufacturer of dehumidifiers, and Tour & Andersson, which makes environmental control equipment. Incentive Development currently owns four small companies but has plans to add a further two during 1990, says Bo Kastensson, president.

Incentive Development's brief is to acquire companies which have a technology, a range of products and about £2m-£3m worth of sales, explains Kastensson. Incentive's small team then works closely with the managers of its portfolio companies to help them grow. Once each has reached sales of around £20m, it will be transferred to the main Incentive portfolio.

At Bewator, Incentive Development has been helping the company sort out its troubled UK operation. Bewator recruited a British managing director to establish its UK business but found his technical and selling skills were not matched by his ability to impose financial controls. Bewator's difficulties were compounded by its misreading of the UK market. Research which it commissioned showed that the commercial access control market offered the best potential but it underestimated the effort which would be needed to break in.

Incentive has used its own market contacts in the UK to recruit a new managing director and the resources of Munters, one of its larger portfolio companies with a UK factory, to spread the start-up costs of Bewator.

Bengt Imberg (left), Björn Wallander and Elisabet Bohlin: Looking for larger market place

Bewator is not alone among the Incentive Development companies to encounter problems in expanding overseas. Leine & Linde (L&L), a manufacturer of electromagnetic sensors used in industrial control systems, ran into problems when the British managing director of its UK subsidiary adopted an unduly enthusiastic approach to customising its products.

Companies like Leine & Linde will only succeed in foreign markets if they are able to tailor their products to local needs, explains Bengt Imberg, L&L's president and formerly a senior manager in the domestic appliances division in Sweden of Philips, the Dutch electronics group. "But the British md was promising too much technical development to customers without checking with the R&D department back in Sweden if they could do it," says Imberg.

L&L's problems reflected a combination of a lack of properly worked-out system of controls in Sweden and the stubbornness of the manager in Britain. Imberg has since strengthened the company's Swedish management, introduced a more formal management structure and replaced the UK manager.

Imberg's first thought was that the problem of adapting L&L's Swedish products for the UK market could best be solved by acquiring a UK company with product development and marketing skills. Incentive helped Imberg identify a suitable company but the UK owners decided not to sell so L&L, which has sales of SKr44m, is now preparing to set up its own UK development and marketing facilities.

Marketing, in the early stages of any company's growth, often means no more than selling to as many customers as possible. But as a company grows a more carefully thought-out marketing strategy becomes necessary.

Bohlin Reologi, a university spin-off based on a science park in Lund, southern Sweden, found a ready international market for its equipment which is used in the measurement of the properties of liquids. Bohlin, which was founded in 1983, sold equipment in its first year to Cadbury Schweppes, the British confectionery group, to measure the flow characteristics of chocolate. It currently exports 90 per cent of total sales.

Bohlin, which was set up by Elisabet Bohlin and her husband, grew rapidly and profitably in its first few years. But, after the couple divorced and withdrew from day-to-day management, costs rocketed and the company moved into a loss in 1988. At Incentive's prompting Elisabet Bohlin was persuaded to take over the running of the company again and it returned to profit on sales of SKr34m in 1989.

When Incentive acquired control in 1988 Bohlin had begun to expand out of its main market of supplying academic researchers and was developing its sales to industrial research departments. The problem was that the company, which employs just 31 people, was spreading its efforts too thinly.

"The university market is small but once you get into industry the market becomes fragmented," says Incentive Development's Kastensson. "It becomes difficult to find salesmen who know all these markets." With the help of Kastensson's team Elisabet Bohlin drew up a marketing plan to concentrate on just three sectors: the food, coatings and plastics industries.

Bohlin is the smallest and most demanding of the companies in Incentive Development's portfolio. (The fourth company, AMA Construction Laser, recently doubled in size to SKr55m with the purchase of a US manufacturer of laser-based levels for use on construction sites.) But it shares with the other companies the ingredients Kastensson believes are necessary for export success – a strong position in a niche market and products which sell on their quality and versatility rather than on price.

Progress according to a proper plan

The owners of many small firms are so bound up with the day-to-day running of their businesses that they find it difficult to plan ahead. Even those businessmen who are aware of the need to think strategically find it difficult to take time off to start planning and create a workable, documented strategy.

Attempts to plan strategically are often bedevilled by mistaken ideas about what planning is, writes David Wolfe, strategic planning partner at accountants Stoy Hayward, in the latest edition the firm's Venture Capital Guide.*

■ "Having brainstormed strengths, weaknesses, opportunities and threats one of us should be able to knock a plan together over a weekend": Planning is never this simple, warns Wolfe. The plan needs to consider where the business is, with options for each business centre, such as expansion, diversification, divestment; to include a detailed financial and operational forecast of where the company wants to be; and to lead to a programme for how the company will get there, describing responsibilities, time scales and resources needed.

■ "If we tackle problems as they arise we should be all right": This firefighting approach can lead to disillusionment with the process, says Wolfe. Companies should form a core team, the members of which work independently at first so that as many different ideas as possible are considered. Market and other information should be gathered and time frames and resources decided.

■ "We'll get together at the end in the boardroom to compare notes": The boardroom is not far enough removed from day-to-day concerns so the planning team should go away to, say, a hotel conference room, for one or two days. The team should also meet at key stages in the planning process to compare notes.

"Planning exercises need only result in a declaration of general principles or 'mission statement.' Too many ambitious, visionary plans end up on a shelf because everyone believes that someone else should put them into effect, notes Wolfe. Too few plans translate strategy into a logical series of steps.

"Only the chairman and maybe one or two others should be involved." An 'ivory tower' approach to strategy, with insufficient input from the people who will have to implement the plan, creates distrust and reduces commitment.

"Once we have finished, if the plan is good, you can trust your managers to put it into practice." Not so, says Wolfe. A company must set up a review team to monitor the implementation f of the plan; to see that any refinements keep to the original spirit and to assess the scale and timing of any benefits.

Charles Batchelor

**From Stoy Hayward, 8 Baker Street, London W1M 1DA. Tel: 01-486 5888 and regional offices. Free.*

In brief. . .

■ High interest rates and a drop in demand from UK customers has persuaded more small businesses to consider exporting. The London Enterprise Agency is arranging a six-month course, comprising two days of training and follow-up counselling, to help small firms sell abroad. Training days are on May 12 and 19 and the fee is £80.

Contact LEntA at 4 Snow Hill, London EC1A 2BS. Tel 01-236 8000.

■ The European Centre for Entrepreneurship, based in Colmar, France, is organising two international workshops on the themes of Facing the Challenges of Change and Company Renewal (April 26-28, fee FFr 8,400) and Developing the Client Oriented Organisation (April 26-27, fee FFr 8,400).

Contact the centre at 3 Quai de la Sinn, F 68000, Colmar.

■ The Prince's Youth Business Trust, which helps 18- to 26-year-olds who are out of work or otherwise disadvantaged to start their own business, has completed its nationwide coverage with the creation of a new regional board for Berkshire and Oxfordshire.

For Oxfordshire contact Mike McGuire, 49 Penwood Heights, Burghclere, Newbury, Berkshire RG15 9EZ. For Berkshire contact Jack Williams, PTBT, Berkshire Enterprise Agency, Old Town Hall, Mansion House Street, Newbury, Berkshire RG14 5EX.

■ Businesses interested in selling through overseas department stores may benefit from the 1990 Indirect Export Event being held in York on November 8. The one-day event attracts representatives of overseas department stores seeking products including giftware, toys and games, fashionwear, gift foods, toiletries, furnishings and kitchenware.

Contact Pauline Martin, Rural Development Commission. Tel 0722 336255.

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The Bonds held include:
- Mississippi Union Bank 5% 1838
- Planters Bank of Mississippi 6% 1831/33
- Republic of Mexico 6% Gold Bond 1913
- Mexican National Packing Company 6% 1911
- Various specimen bonds

If you wish to receive a catalogue when it is available in May, please contact the Liquidator, John Richards or Gabriel Keane at the address below.

Touche Ross
55/57 High Holborn, London WC1V 6DX.
Tel: 01-405 8799. Telex: 261296 TRCHAN G. Fax: 01-831 2628.

Reliance Engineering Co Ltd (In Receivership)

Braunton Nth Devon

The above company's main activity is production and precision engineering.
- Freehold premises
- Annual turnover 1/4 m
- 13 employees
- supplier to major PLC
- on-going order book

For further details please contact the Joint Administrative Receiver:
Robert St J Buller
Grant Thornton, 43 Queens Square,
Bristol BS1 4QR
Tel 0272 268901
Fax 0272 265458.

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Offered for sale as a going concern
* Specialising in garage forecourt retailing in non-automotive products.
* Good 'stand alone' business or ideal for takeover by group.
* Established 8 years * Turnover almost £2m * Net Profit, 6 figures

MUST BE RELOCATED
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REPLY TO: GREENAWAY & CO.,
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For Sale — Quality Wall Covering Manufacturer and Fabric Distribution Operation

Expressions of interest are invited for the ongoing business and/or assets of CLUNIES-ROSS AUSTRALIA PTY. LTD. (Receiver and Manager Appointed).

Company Profile:
- CRA is the only manufacturer of wallpaper and vinyl coverings in Australia currently holding 30% of the Australian Wallpaper Market.
- CRA is a leading importer and distributor of furnishing fabric.

Major Features Comprise:
- Complete manufacturing process featuring unique printing technology and highly motivated skilled personnel.
- Established contracts for manufacturing and distribution of exclusive nature with fully integrated offices, warehouse, and plant.
- Goodwill of an ongoing business with a turnover for the seventeen months ended 30th November, 1989 of approximately $10.9 million.

The closing date for the expressions of interest is April 11, 1990.
These should be sent to:
Mr. Peter McCluskey, Ferrier Hodgson & Co,
Chartered Accountants,
Box 290, P.O. Collins St, Melbourne VIC. 3000.
Facsimile: 613 629 5887

Ferrier Hodgson & Co.
Chartered Accountants
Melbourne, Sydney, Dandenong, Parramatta, Brisbane, Adelaide, Perth, Canberra, Hong Kong, Auckland.
RC 1637 B

MANUFACTURING COMPANY FOR SALE OR MERGER

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For further details please contact: Ian S Murdoch

KPMG Peat Marwick Corporate Recovery
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Tel: 041 226 5511.

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PREMIX CONCRETE CONCERN - ESSEX - Estab Co operating from F/H 0.7 acre site, 7 veh unused cap. Tkg £807,250 last year (54% inc on 88). Good cust base. Entire shareholding £450K +/- current net assets (Ref ZCB20250B)
N KENT - COMMERCIAL BUILD CONTRACTORS - Well estab Co. Repeat orders from PLC. Housing Assoc. Good forward order book. Lge F/H site with office building. T.O. £750K. Good net profit. Price £400K +/- net assets. (Ref ZCB246812)
LONDON - ICE MAKING COMPANY - 12 years estab occupying niche market - supplying ice cubes/crushed ice to Caterers, Hotels, Pubs, Off-Lic etc in Central London. Tkg £155K. G.P. £98,000. NP £40K Entire shareholding £125,000 (Ref ZMA24131)
ELECT CONTRACTORS - N. HOME COUNTIES - Well estab Co. Full order book. Subst PLC customer base. T.O. £1.4M last fin year. Requires investment to sustain Co growth. Would consider sale of entire shareholdg Offers (Ref ZG24133D)
NORTHERN BASED - DESIGN AND BUILD CONTRACTOR - Proj T.O. 89/90 £15M + Maj of contracts London/Home Counties. Estab 58 years. F/Hold PREMS Price £1M +/- current net assets. (Ref ZCB24135WR)
PREC ENGS - N. HOME COUNTIES - 26 year estab. Co has bias to medical sector. Unique prod provides 30% T.O. of £335K. Retirement sale. Vast range of plant and equipment. L/Hold £100K or F/Hold £300K (Ref ZEM24134D)

Write to the General Manager
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Tel 0462 422499. Fax 0462 420052

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Long established profitable knitwear manufacturers (East Midlands based)
Freehold single floor premises 4000 sq ft approx
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T/O £250,000
Further details fron sole agents

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10,000 sq ft single storey plus large secure car park. Ideal distribution depot/light manufacturing or wholesale cash-and carry. 1 mile to M65 motorway Manchester only 30 mins. Price £250K Contact Rhys Hardman on 0282-36718 or 0282-414028

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Box H6032, Financial Times, One Southwark Bridge, London SE1 9HL.

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The business and assets of the above old established company operating from leasehold premises near Halifax, West Yorkshire are available for sale as a going concern.
- Established business manufacturing high quality woollen cloth, mainly for ladies outerwear, with a customer base in excess of 50 customers.
- Annual sales of approximately £1.8 million.
- Orders on hand amounting to some £500,000.
- Vertically integrated manufacturing unit comprising:
  - 22 Somet looms.
  - 2 Carding engines.
  - 2 Mules.
  - Warping, winding, scouring and finishing plants.
- Skilled workforce of 60.

Contact: R. Marsh ACA, The Joint Administrative Receiver, Price Waterhouse, 9 Bond Court, Leeds LS1 2SN. Telephone: (0532) 442044. Fax: (0532) 441401. Telex: 556312.

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- PRESTIGIOUS CUSTOMER BASE. CURRENT ORDERS IN EXCESS OF £750,000.
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For further information contact
Philip Long or Robin Meadowcroft
Joint Administrative Receivers
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- Long established name and prestigious customer list.
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- Mail order business in hospital, veterinary and catering workwear.

For further details please contact:
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Arthur Andersen & Co.,
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Fax: 01-831 1133
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For further information, contact John F Powell or Bob Bailey at the following address: Cork Gully, Abacus House, 32 Friar Lane, Leicester LE1 5RA. Telephone: 0533 622338 Facsimile: 0533 536329

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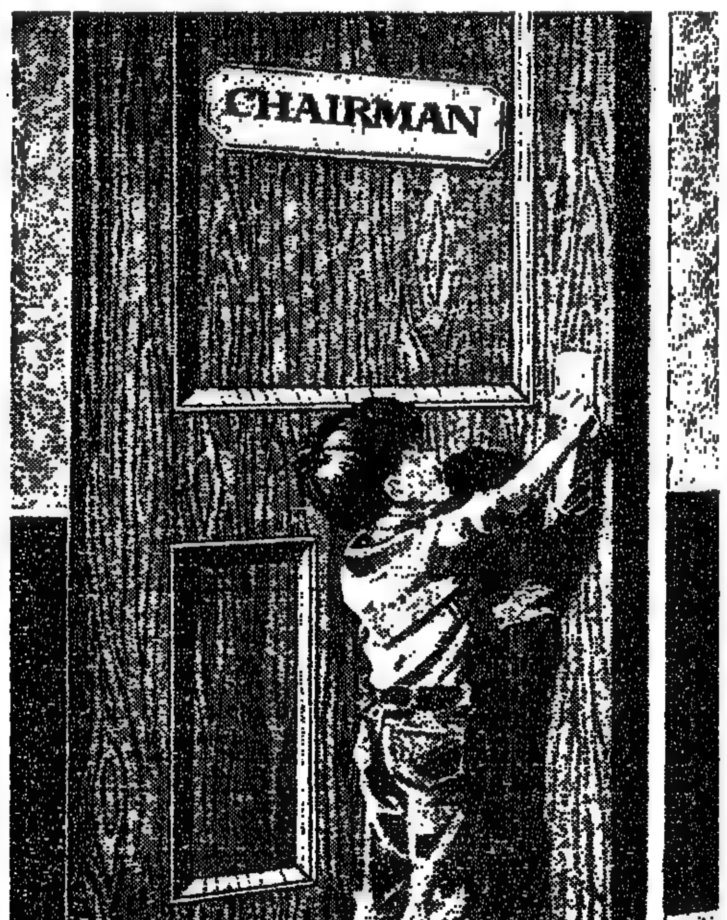

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TECHNOLOGY

David Fishlock reports on the restructuring of the UK Atomic Energy Authority

Putting service at the nucleus

"WE'RE REPLACING the whole structure with a customer-led strategy," says Brian Eyre, deputy chairman of the UK Atomic Energy Authority. "It means a fundamental change in structure and a fundamental change in style."

For 35 years the authority has served as the Government's nuclear advisers, backed by big laboratories, initially for everything from warheads to reactors, although nuclear weapons, fuel and isotopes were all hived off in the 1970s.

Nevertheless, Eyre claims that it has suffered nothing so drastic as the changes which were implemented officially on Sunday. The publicly funded research and development agency which gave birth to Britain's nuclear industry has now become a quasi-commercial company called AEA Technology, seeking to replace fast-diminishing grants with fees earned for technical services.

From the start, the authority was a confident, even arrogant body, imbued with a proud sense of mission that drew the top technical talent. Its present upheaval can be traced to the summer of 1988, when a Department of Energy review decided that, with no customer in sight, the authority must curb its main remaining nuclear mission, the fast reactor, on which it was spending more than £100m a year. The blow fell just as it was completing a reorganisation involving a staff cut of 2,000.

Last spring it announced the broad principles of the new organisation, which will seek to sell technical skills and services worldwide. For the past year Eyre has been putting flesh on those principles, defining a structure based on nine businesses, and agreeing financial targets with nine chief executives – all internal appointees. Its 11,000 staff have been assigned either to one of these businesses or to one of five R&D sites.

The authority was obliged to abandon its cherished matrix management structure, through which it assembled powerful teams to tackle any new opportunity or crisis (and the nuclear industry produced plenty of those). As Eyre puts it, if the businesses are to deliver the goods they must control their own people.

Renowned research centres such as Harwell and Culham have had to become accountable to the businesses for delivering their services at a quoted time and price. If they fail, the business will be free to shop elsewhere.

The emerging management comprises Eyre and Stuart Nelson, both eminent metallurgists, as top executives to whom the nine businesses report. The five nuclear businesses, which are expected to shrink, report directly to Eyre, as managing director for AEA businesses. The four non-nuclear businesses report to Nelson, his deputy, who also runs AEA Industrial Technology, the biggest business in terms of revenues. Given the national uncertainties relating to nuclear energy in general, AEA Technology is seeking "substantial growth" from all four non-nuclear businesses. These account for 25 per cent of the authority's income of more than £400m, but the target is to grow these four by 35 per cent by 1993-94.

"I tell my people we're not selling R&D – we're selling services," says Nelson. He wants to take those services well downstream of contract R&D or even a licence, in the hope of making more profit for AEA Technology from joint ventures and partnerships. "History teaches us licence deals are not very effective."

Since the authority is a government agency it operates under statutory constraints, such as being unable to embark on manufacture. Rather than seek legislative changes, the intention is to test the legal limits within existing legislation, for example through the kind of deal with a manufacturer that gives it a voice and a share of any profit.

No one is sure what those limits are, except that the government has indicated that it will tell the authority when the mark has been overstepped. AEA Technology also plans to compete with British companies in selling some of its more exclusive technology overseas. One third of the £85m currently earned by the industrial technology business comes from abroad.

Industrial technology is a pot-pourri of advanced enabling technologies organised into three broad divisions: process engineering and instrumentation, materials and manufacturing, and electro-technology and advanced computing. Much of it emanates from Harwell's R&D.

John Rae, who recently returned to the authority after secondment as chief scientist at the Department of Energy, reports to Nelson as chief executive of the AEA Environment and Energy business. His bailiwick is particularly rich in professionals and includes the powerful analytical teams set up at Harwell in the mid-1970s to advise the Government on investment in energy technology in general, especially fuel-free energy sources such as sun, wind and waves. Rae's target is to expand his £20.5m turnover by 5 per cent a year in real terms for the next four years.

Geoff Ballard, chief executive of AEA Risk Management Technology, based at Culcheth in Cheshire, says his business encompasses a high proportion of nuclear work but has been in the commercial safety business for at least 20 years. Whereas safety of people has always been the paramount consideration on the nuclear side, lost production – for example, as a result of the Piper Alpha oil platform fire – is also a worry for other industries. This gives the commercial approach a different perspective.

Ballard's business is intended to be a fast-responding engineering consultancy rather than an R&D activity. Opportunities he sees looming include analyses of safety and reliability of computer installations, gas pipelines, water systems and flood prevention measures. The target, he says, will be the level of service his team provides to the Royal Navy as safety and reliability advisers for the nuclear submarine fleet.

Ballard expects his professional staff to expand considerably, from 350 to 450 over the next four years. But his business will remain an integral part of the authority. "Having a very strong parent is an extremely useful technical advantage, particularly overseas." Other new AEA businesses will bring him their reliability problems, he believes.

The fourth and smallest non-nuclear business is different, says Peter Parris, chief executive of AEA International Petroleum Services, because it was market-led from the start. Parris has been building this consultancy for several years. It is not a nuclear spin-off technology and many of his staff have never worked on nuclear problems. More than half of its £9.5m income comes from the oil and gas companies "who know how to use service companies."

Parris sees his best prospects overseas, where he is already appointing agents and plans to establish offshoots, specialising for instance in a specific technical service to underpin a broader consultancy. The prototype is a nuclear calibration service for drilling operations he is setting up in Aberdeen.

Parris admits the term "service" has been widely resented within the authority. The term reflects the fundamental shift from a mission-led to a customer-led organisation.

Facilities that can no longer pay their way, such as Harwell's 40-year-old research reactors, will be closed. Some senior managers have been rejuvenated by the challenge. Others have failed to adapt and will go. He expects the authority to slim by another 2,000, mainly support staff, over the next few years. "We're not in the business of running anything at a loss any more," sums up Eyre.

Never left at a loss for words

PERSONAL computer users are told ad nauseam how important it is to back up their data on another disc or on tape, to prevent it being lost if they hit the wrong keys or if there is a hardware failure or power cut, writes Clive Cookson.

Yet they frequently forget or are too lazy to back up as frequently as they should – and occasionally suffer traumatic loss as a result.

A new software product called Real Time Backup, developed by IQ International of Tavistock in the UK, claims to be the first automatic system for recording all changes made to a PC hard disk, the instant they occur. It works with industry standard backup media (disks or tape).

You might think that the system would consume excessive amounts of backup media, recording every change, but the company says that a single tape could protect a network of 15 PCs for anything from several days to several weeks.

Little card with a big memory

BOOK-sized computers and electronic diaries are becoming all the rage. But one drawback of such small gadgets is their limited data storage capacity.

To help minimise the problem Japanese electronics manufacturer Toshiba has developed a memory card which packs 10 megabytes of memory on to a piece of plastic the size of a credit card. The card, which uses 20 of Toshiba's latest 4 megabit D-Ram memory chips, can hold up to 3m words of written text.

The card will slot into electronic organisers or portable computers designed by most manufacturers. The card will be on sale in Japan in May.

Time to pack the customer's bags

ONE annoying thing about going through a supermarket checkout is the time it takes to pack all your purchases into the plastic carrier bags.

Now supermarkets in the UK could follow in the footsteps of their Italian counterparts and introduce special bag-packing systems to do the job for you. The check-a-bag system, from Automac, in Vignola, is being manufactured by Lin Pac Machinery, of Watford.

When the check-out assistant has scanned the can of beans or bunch of grapes, it is deposited in a chute cut into the counter top. Underneath is the machine, which houses a sheet of plain or randomly printed plastic film, from which it forms a carrier bag around the goods. The system is designed to use high density polyethylene plastics, although recycled materials could also be used.

Heat sealing is used to make the seams at the side of the bags and form the handles, and can be used to seal the top of the bag for security reasons.

WORTH WATCHING

by Della Bradshaw

Looking logs right in the face

THE Vancouver company Macmillan Bloedel has developed a scanning system using X-ray technology and three-dimensional imaging software to identify the optimal cutting face of logs, writes Robert Gibbens.

The procedure is similar to medical X-ray systems but works at a much higher speed to show hidden knots, stains, grain and other imperfections in logs of around 36 inches in diameter.

Macmillan has been testing the three-dimensional scanner at its sawmill at Port Alberni and the results have been positive although further improvements are under way.

The logs move at 120 ft per minute through three x-ray sources 120 degrees apart. The scanner generates an image of the log's interior and a computer analyses it and designs the optimal cutting pattern.

The potential gain in value is 10 to 15 per cent per log, since the way logs are cut up determines the ultimate value of the products made.

Keeping tabs on the poll tax

TRADITIONAL rent collectors in Wales are the first in the UK to get a new high-tech image through the introduction of the poll tax.

These revenue collectors, as they are now to be called, are being equipped this week with hand-held computers. The gadgets will enable them to collect the poll tax as well as council house rent.

The Epson units, which use specially developed software from Commology, of Dublin, have been issued to six revenue collectors working for Preseli Pembrokeshire District Council.

In the morning the collectors will download the addresses of that day's collection on to the Epson unit from the central computer. As the payments are made, the collectors will use the touch screen on the unit to feed in information. A built-in printer will then print out a receipt. At the end of the day the information on payments and non-payments will be fed back into the main computer system.

Trendy horses wear trainers

THE traditional clip-clop sound of horses' hooves could be silenced by the latest application of plastics.

The plastic horseshoe is already being used in many upmarket stables, although usually for specific applications. But the designer of the latest equestrian footwear, Steve King, claims that his shoes are lightweight and durable and can be used for both training and racing. This does away with the need to reshoe the horse with a lightweight aluminium shoe when it takes to the racetrack.

The shoes, to be sold by Trisport, of Tamworth, Staffordshire, use elastomer with a core of chrome vanadium steel. Like a good pair of running shoes, they eliminate shock if the horse lands on hard ground.

Contacts: IQ International: UK, 0822 614477. Toshiba: Japan, 03 457 2104. Macmillan Bloedel: Canada, 604 661 5000. Automac: Italy, 59 773780. Lin Pac: UK, 0923 33676. Commology: Ireland, 01 555300. Trisport: UK, 0827 56544.

FT LAW REPORTS

Old couple lose their home to building society repossession

ABBEY NATIONAL BUILDING SOCIETY v CANN AND OTHERS

House of Lords (Lord Bridge of Harwich, Lord Griffiths, Lord Ackner, Lord Oliver of Aylmerton and Lord Jauncey of Tullichettle): March 29 1990

THE OCCUPIER of a house bought on mortgage cannot resist the mortgagee's repossession claim by asserting the priority of an overriding interest by occupation if, when the property transfer was registered, it was ascertained that she was not in actual occupation, in that her belongings, though on the premises, were there only in preparation for occupation.

And even if she were in actual occupation on completion, her defence to repossession will fail if she knew at time of purchase that the buyer had insufficient funds to buy the house, and impliedly authorised him to raise the mortgage from lenders who were unaware of any claims she might have against him.

The House of Lords so held when dismissing an appeal by Mr George Cann, his mother Mrs Cann, aged 77, and his stepfather, Mr Abraham Cann, aged 83, from a Court of Appeal decision that Mrs Cann had no overriding interest in her son's property prevailing over the interest of the mortgagee, Abbey National Building Society. Lord Oliver said that Mrs Cann was a sitting tenant at 48 Warren Road, Mitcham. In 1977 her landlord offered her the freehold for £5,000, a price much below vacant possession value.

She had no resources, but her son George offered to raise a mortgage. On May 3 1977 the property was conveyed into the joint names of Mrs Cann and George, with a mortgage covering the whole price.

George assured his mother she would not have to pay rent any more, and that she would always have a roof over her head.

Mrs Cann and her husband lived in the property until April 1979. George lived with them. In 1979 the house was sold for £20,500 and another property at 30 Island Road, was bought in George's name for £26,500, with a £15,000 mortgage raised with Mrs Cann's knowledge.

She and her husband lived there until August 1984. George moved out in 1982.

Mrs Cann and her husband made no contribution to the mortgage.

According to Mrs Cann, George told her "I've bought you a nice house. This is what you always wanted."

In the summer of 1984 George was in financial difficulties. He told his mother he could no longer afford to pay for two houses. He arranged to sell 30 Island Road for £45,000 and to buy a smaller leasehold property at 7 Hillview, Mitcham for £34,000.

In May 1984 he applied to Abbey National for a £25,000 mortgage, stating that 7 Hillview was being purchased for his own sole occupation.

Abbey National made a formal offer of £25,000 on May 18. It was accepted. Contracts for sale of 30 Island Road and purchase of 7 Hillview were exchanged on July 19, with completion fixed for August 13.

On August 2 George's solicitors wrote to Abbey National asking for the mortgage cheque to be provided before August 8. It was despatched to them on August 6.

Prior to August 13, George executed a legal charge on the property in favour of Abbey National, to secure the sum advanced.

Completion of purchase took place on August 13. George was registered as proprietor on September 13, simultaneously with Abbey Life's registration as proprietor of the charge.

George defaulted in mortgage payments. On August 5 1987 Abbey National began possession proceedings against him. His mother and stepfather were joined as defendants.

The property was registered land under the Lands Registration Act 1925.

Section 69(1) of the Act provided that the estate in registered land was deemed to have vested in the proprietor subject to the mortgagee's overriding interest, which had priority to the registered estate. Section 70(1) provided that all registered land should be deemed to be subject to "such . . . overriding interests as may be for the time being subsisting" including "(g) the rights of every person in actual occupation . . . save where enquiry is made of such person and the rights are not disclosed."

Mrs Cann's case was that because of her contribution to the purchase of 48 Warren Road, represented by her status as sitting tenant, and because of George's assurance that she would always have a roof over her head, she had an equitable interest in 7 Hillview immediately prior to completion.

She said it was an "overriding interest" and took priority over Abbey National's charge.

She claimed she was in "actual occupation" and so her rights were secured against Abbey National by section 70(1)(g).

That claim was rejected by the trial judge.

The Court of Appeal found that actual completion took place after 12.20 on August 13, when Mrs Cann was abroad; and that as the vendor had vacated the house at 11.45 when her husband and George began to bring in her carpets and furniture, there were about 35 minutes prior to completion during which her chattels were on the premises.

Her claim failed in the Court of Appeal because, in the court's view, she was aware that the balance of purchase price above the amount produced by sale of 30 Island Road, was going to be raised on mortgage by George.

Having thus impliedly authorised him to raise that amount on mortgage, she must have authorised him to create a charge having priority to her interest.

Section 23 of the 1925 Act provided that a disposition of registered leasehold land conferred the estate on the transferee, subject "unless the contrary is expressed on the register, to the overriding interests, if any, affecting the estate transferred or created."

The relevant date for determining the existence of overriding interests which would affect "the estate transferred or created" was date of registration.

The "actual occupation" required to support such an interest as a "subsisting" interest within section 70, must exist at date of completion of the transaction giving rise to the right to be registered, for that was the only time at which the "enquiry" referred to in 70(1)(g) could, in practice, be made and be relevant.

It was at that moment that it fell to be determined whether there an "actual occupation" for the purposes of (g).

Up to the moment of completion Mrs Cann had a beneficial interest under trust for sale affecting 30 Island Road in George's hands. But it was difficult to see how she could at that stage have acquired any interest in 7 Hillview.

She was not a party to the contract of purchase. Prior to acquisition she had no more than a personal right against George.

As against that, Abbey National, which had no notice of her rights, had agreed to a £25,000 mortgage, and the agreement had become binding against George on August 6 when the money was advanced at his solicitors' request.

The building society as equitable chargee for money actually advanced, had an interest ranking in priority to what, at that stage, was merely Mrs Cann's expectation of an interest under a trust for sale to be created if and when the new property was acquired.

The trial judge found that the acts done by her husband and George between 11.45 am and 12.20 pm on completion date amounted to "no more than the taking of preparatory steps leading to occupation."

That finding of fact was justified by the evidence.

It was perhaps dangerous to suggest a test for what was essentially a question of fact, for "occupation" was a concept which might have different connotations according to the nature and purpose of the property.

It did not necessarily involve the personal presence of the person claiming to occupy. On the other hand, it did involve some degree of permanence and continuity, which would rule out a fleeting presence.

When George and his stepfather moved in Mrs Cann's possessions, they intended them to remain there.

However, acts of that preparatory character, carried out by courtesy of the vendor *prior* to completion, could not constitute "actual occupation" for the purpose of section 70(1)(g).

Accordingly, Mrs Cann failed to establish the necessary condition for assertion of an overriding interest.

Mrs Cann's oral evidence disclosed that she was aware there was a £4,000 shortfall which would have to be met from somewhere. It was a necessary conclusion that George had her authority to raise it from Abbey National. No limitation on his authority was communicated to Abbey National. Mrs Cann was therefore not in a position to complain.

The appeal was dismissed.

For Mrs Cann: Walter Aylen QC and Marc Beaumont (Porter & Co).
For Abbey National: James Munby QC and Graham Clark (Malthouse Chevalier).

Rachel Davies
Barrister

NZI Overseas Finance N.V.
15⅝% Guaranteed Bonds Due March 28, 1992

The Rate of Exchange, as defined in Condition 5(b) of the above described Bonds, applicable to the Coupons due March 28, 1990 from those Bonds is U.S. $0.5816 for each N.Z. Dollar. Each Coupon in the amount of N.Z. $156.25 will be paid U.S. $90.88.

MORGAN GUARANTY TRUST COMPANY OF NEW YORK, *Principal Paying Agent*

Dated: April 3, 1990

British talent brought to the fore

William Packer on the current show from the Saatchi Collection

Amid all the public speculation as to the Saatchi's future, whether the business world's concern for the enterprise as a whole or merely the art world's more parochial interest in what all the buying and selling of modern art might really mean, behind its plain grey walls the gallery gets on with its job of celebrating the collection as it is, apparently as calm as ever. After showing Leon Kossoff and Bill Woodrow through the winter, the British theme now continues with Lucian Freud, Frank Auerbach and Richard Deacon (through until late summer: 98a Boundary Road, NW8 – Fridays & Saturdays 12-6pm, otherwise by appointment 071-624 8299). The show, as always, is simply and beautifully hung.

On the surface, indeed, nothing has changed. British art has been a considerable element within the collection from the start, even while the big international names of the past 30 years were getting all the attention. Two British shows in a row may be welcome, but in a sequence of ten major exhibitions in five years, they hardly yet constitute a definitive trend. We shall see.

That shift has coincided with the rift between Charles Saatchi and his wife Doris, whose enthusiasm for the currency of the New York galleries was well-known. Certain sales have followed upon that parting of the ways, but who would say such rationalisation would not have happened anyway? To buy wholesale after Mr Saatchi's habit proposes at least some later process of digestion and reflection, however long delayed. The art market may be somewhat disconcerted by the inevitable evacuation, but whatever one buys in a free market, one is surely as free to sell. *Caveat vendor* for once, and why not? The market has done very well out of Mr Saatchi, and so have the artists. The recent squeaks and cries of foul from some of them, their great works so unexpectedly returned to circulation, has afforded some of us much innocent pleasure. With Julian Schnabel, the only surprise is that the moment was so long in coming.

The fact remains that the Saatchi Collection is extraordinarily rich in the work of so many of the major figures of our time. Its scope is not exhaustive, but within that partiality the representation is often more comprehensive than that of any museum. Its particular interest in British Art would seem to be focussed in painting, upon what is now conveniently if arbitrarily labelled *The School of London*, and in sculpture upon what has been so assiduously purveyed these ten years past by the Lisson Gallery.

As with the last show, so with this; the artists are leading figures within these two loose groupings, and in each case the work available constitutes a concise retrospective. By the latest published catalogue (1988), the Tate has but five oil paintings by Freud – one has since been stolen while on show abroad, and a major new work bought for almost the entire annual purchase grant. Mr Saatchi has nine. For Auerbach the respective figures are seven and 13, for Deacon two sculptures and 15. This is only an indication of comparative strength, not at all a reproach to either side. Even with all the funds in the world, the Tate's responsibilities would remain general, while Mr Saatchi has only his own taste and interest to consult.

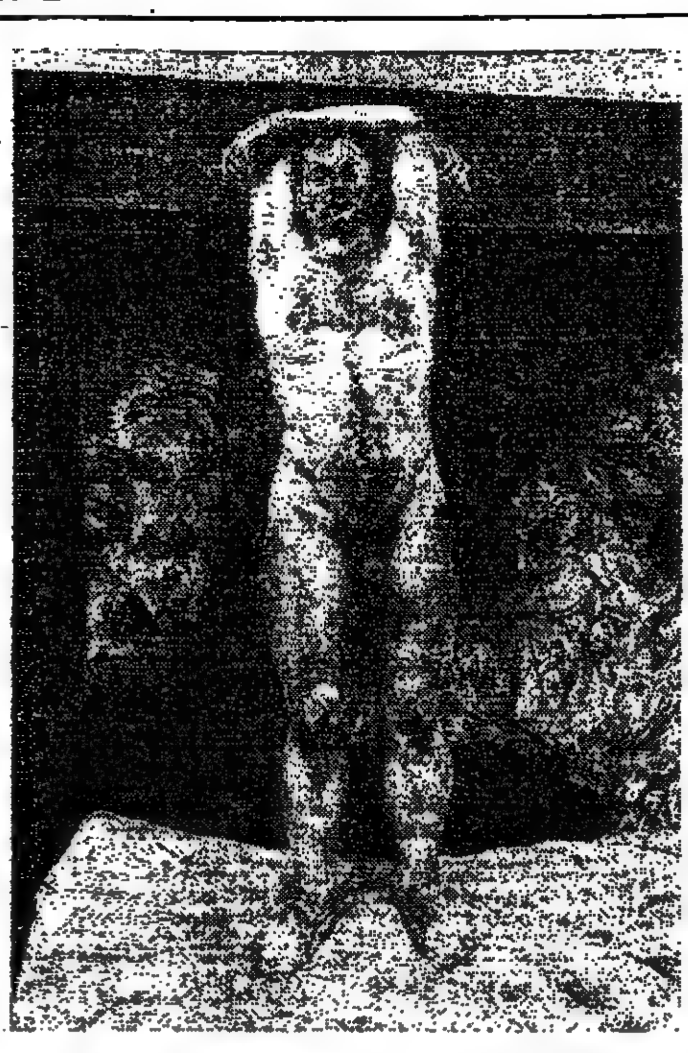
It just happens that Lucian Freud and Frank Auerbach are two of the very best painters alive today anywhere in the world, and working at the height of their powers. At last they are beginning to get their international due, though it not before time. Where British sculptors in successive generations since the war, from Henry Moore and company down to the Lisson lot, have enjoyed consistent international recognition, sustained by constant institutional support at home and abroad, our painters have been generally less persuasively packaged, or have been perhaps rather less amenable to packaging.

Why our curators and administrators should have found current sculpture so much the more sympathetic than the painting is for them to explain, but a great opportunity was lost in the meantime, when everywhere the tide of resurgent figurative expressionism was flooding in.

Having written so often of Freud and Auerbach before, in relation to this general show I would only say that both are represented at full strength, early and late, with the later ever more impressive. With Auerbach, this later quality is not so much a lightening of tone, as a lightening of touch and mood. His work is no less rich and dense on the surface, but yet so much more lush and indulgent than before, the brushstrokes swift and assured where before they could be so anguished, serious and laboured. At 59 Auerbach the genial hedonist is someone quite new.

As for Freud, the very latest large standing nude is a masterpiece, a major painting in any age. And with this mastery has come a more straight-forward consideration of the human condition, a disinterested and sympathetic scrutiny where before there was so often something of the anecdotal and perversely painful, picking at the wounds. Freud, now 68, is a great man.

Richard Deacon, the sculptor of the three, is just 40, and come into his full maturity at the end of a remarkably prolific and successful decade. The imagery is abstractedly organic, amorphous, redolent of natural forms, or sometimes of natural tensions, sprung and twisted. He is a fine craftsman, his large open objects seductive and engrossing, but I have found them sometimes over-stretched and arbitrary, even over-bearing in the past, impressive more by their physical size and the manifest labour of their contriving than by their imaginative presence. Here, in these great spaces and clear light, they look as well as they could possibly be, come into themselves, set at a true scale. Horses for courses, I suppose.



'Two Men in the Studio' 1987-89, by Lucian Freud

Sylvie Guillem

COVENT GARDEN

The presence of Sylvie Guillem as a Principal Guest Artist with the Royal Ballet poses problems both for her and for the company. The accommodation of a "star" to a national troupe essentially reliant upon its own style and resources; the use of an artist from a very different background in technique and manner – these are matters which, after more than a year, still remain to be solved. Integration is not in question, but Sylvie Guillem still looks, for much of the time, an outsider rather than a part of an enterprise, even part of the common fact of an interpretation during an evening.

Extraordinary fame came to her very early. She has been the recipient of prizes, adulation, and in her dancing has established an image of an artist able to display the most extreme (and sometimes gymnastic) skills with a nonchalant ease. The vibrant figure poised on one beautifully arched point, with a leg stretched in exaggerated *développé* past her ear, seems a trademark of her dancing worldwide. And like any trademark, it is a quick means of identification rather than a truth. It is Mlle Guillem's misfortune that she should be thought of only in those terms of physical prowess and physical excess: audiences having seen her at her most self-caricaturing, suppose that they have seen Sylvie Guillem. I think that the case is different, and that a far more rewarding artist can be discerned in roles other than the whizz-bang virtuosities of the *Grand Pas Classique* that has become a convenient vehicle for her (and which she dances, incidentally, with none of the finesse shown by Yvette Chauviré for whom it was made).

Maurice Béjart captured the young Sylvie Guillem with rare skill (as he did the young Eric Vu An) in *Mouvement, Rhythme, Etude* at the Paris Opera. Here the flashing potential of her body was made pungently theatrical, and the relative coolness of her dramatic presence did not matter. In the traditional classics, though, her understated emotions have not been replaced by any great stylistic rewards: roles have looked wilful, the dramatic argument distanced from the body by inexpressive prowess.

It was as Ashton's Cinderella that Mlle Guillem's talent looked sincere – the disciplines of the text everywhere respected, the role touchingly alive. And, as MacMillan's heroine in *Pagodas* on Friday night, her reading was equally true in feeling. She played the part shyly, with gentle charm, but also with an air of distinction – she was everywhere a princess – and she found the resources of compassion needed to console both her father and the Salamander Prince (Jonathan Cope, on best form).

This was not the radiant innocent proposed by Darcey Busell, but a valid portrayal of an introspective, almost secretive girl who blossomed at last in the final duet. During the scene accompanied by the solo violin in Act 2, Mlle Guillem was exquisite in dance and delicately sincere in emotion. Physically the role suits her – though she does not yet have the measure of all its technical nuances – and it is important in asserting her artistry rather than bravura mannerisms that can cloud a rare talent. It was a challenge well met.

Clement Crisp

Jérusalem

GRAND THEATRE, LEEDS

Opera North, with that streak of adventurousness now unequalled among British opera companies, leads off its Spring Season with a British Verdi première. This sounds implausible – after all those pioneering years of St Pancras and Camden Verdi explorations, there ought surely to be no corner of early-Verdi left uncovered in this country – but proves to be the plain, and exciting, truth.

Jérusalem (sponsor NatWest) had indeed its British first stage performance last Saturday: a rarity, a remarkably fascinating and original piece of operatic drama, an Event. This was the first (1847) of Verdi's three commissions for the Paris Opera. He took *I lombardi*, written for Milan four years earlier, and [illegible] made it.

For various reasons – Italian chauvinism and simple ignorance not least among them – it was long the standard text of Verdi criticism that the French opera was little more than cynical, hurried hack-work, a dilution of the Italian undertaken purely for Paris money and Paris success. In this country, Julian Budden's magnificent Verdi study and a Radio 3 studio recording have been the main milestones on the route to reappraisal of received judgment.

Nonetheless, we needed this production to be able to dismiss forever, as we now surely can, the notion of this opera as anything other than a carefully considered, dramatically convinced work in its own right. It lacks, perhaps, the sheer gusto of *I lombardi*, but lacks also its plot inconsistency, its disconcerting close juxtapositions of originality and crude formula-recycling.

For Paris Verdi was immediately placed (as later, when composing *Les Vêpres siciliennes* and *Don Carlos*) on his mettle; his eyes and ears were open to the prevailing trends of Grand Opera. He slimmed down the scoring, re-moulded the most beautiful of his inventions, added much new material; perhaps he failed to jettison sufficient of the old (certain whizz-bang cabalettas retrieved from *I lombardi* tend to stand out the more in context), yet in sum he achieved something wholly distinctive.

Jérusalem, a tale of the Crusades, is notable in the early-Verdi canon for its combination of attentive craftsmanship, formal rigour, sombre coloration, and violent forward momentum. Since it is far more coherent than *I lombardi*, its plot is correspondingly far bleaker; while parallels with *La forza del destino* [illegible] endless punishment for guilt wrongly assigned is pursued with an immoderate harshness – lit, of course, by passages of heart-easing Verdian cantilena – that keeps that pitiless later masterpiece constantly in mind.

For this reason above all, *Jérusalem* seems to have something to say to our own age. The evocation of these "speaking" qualities was obviously the shared goal of the Opera North production team – Pierre Audi (producer) and his designers Michael Simon (sets) and Jorge Jara (costumes) – and the Opera North conductor, Paul Daniel. The musical part of the project has been more successfully realised than the dramatic. Mr Daniel (shortly to become company Musical Director) brings the score thrillingly to life. He has the unique commitment of the youthful Opera North orchestra and chorus to count on, of course; but his alertness to colour-contrast, his readiness to build long movements out of component forms attest to the most genuine kind of performer's conviction.

The good side of the staging is its conception of the drama in terms of striking, primary-coloured images flexibly constructed out of simple material (poles, crosses, boxes) and speedily transformed: in common with all of Mr Audi's opera-shows at his former London base, the Almeida Theatre, this *Jérusalem* looks quite marvellous. The less good side is an injudicious readiness to dip into the lingua franca of current Europera-production – or rather the clichés (as so much of it has now become). Dark glasses, a wheelchair, floor-crawling and face-pulling: they're all there, and more, and they quite often blot the seriousness of the project with self-conscious artiness.

This would matter less if the singing were more stylish, and if the French language were less brutally handled – in the circumstances, a so-called original-language production seems a bad error of judgement. Verdi wrote for stars (his leading tenor was no less than Gilbert Duprez); Opera North have put together what one might ungratefully call a "house team." It is respectable enough (apart from the talented but technically unfinished leading bass, who proves woefully out of his depth), but not fully up to the immense challenge. Arthur Davies in the Duprez role comes nearest to answering requirements, and as ever the soprano Janice Cairns gives her all (not really enough in ornate passages).

The imbalance between fussy production and penny-plain singing could have proved a serious obstacle to success. That in the end it does not speaks volumes for Opera North as a company, and for Mr Daniel as a Verdi conductor.

Max Loppert

All's Well that Ends Well

BARBICAN THEATRE

Apart from the Countess and the Florentine Capilets, most of the people in *All's Well* are so uncharming that it is hard to expend sympathy on any of them. Helena's infatuation with Bertram leads to her dishonesty in the classic bed trick, then, as if that were not enough, to the deceit about her death. Bertram, ordered by the King to marry her, half-fulfils his duty and then skips off to the Italian wars with his mate Parolles, a but at least meant to be funny.

Shakespeare thought Helena a charmer, though; the Countess, a woman of total integrity (and how it shows in Gwen Watford's enchanting performance) has words like "virtuous" and even "angel" for her. To provide a happy ending, Shakespeare has to extemporise some decency for Bertram, and Paul Venables can act a reformed lecher as cogently as a general of horse; Patricia Kerrigan's Helena is bound never to be anything but romantically pleasant.

Barry Kyle, the director, seems to be morally on my side, and sees that the whole business is too unlikely to take seriously. The play is therefore done as if it were a musical, with the Lords and the Maids and the Italian Women and so on treated as a chorus, though without musical numbers. The Lords shout "Hurrah!" together when they are pleased, and recite lines in unison. They are very funny when they are ragging Parolles in Russian, with some useful interpretation by Andrew Tansey. Parolles (Bruce Alexander) is funny too. His great phrase, "Simply the thing I am shall make me live," is a touchstone for comics, and indeed for most of the cast. Geoffrey Freshwater's class-conscious clown Lavatch, faintly Scots, is as funny as Lavatch may be, but no more. Michael Cadman, as the Astringer, has a genuine falcon o his shoulder.

Hugh Ross as the King shouts rather, and has an unkingly way of poking his lords in the chest. is well supported by Clifford Rose's grave Lafeu, a French Polonius but surer of his lines. Helen Blatch as the Widow Capilet and Suzan Sylvester as her daughter Diana both radiate a kind of proletarian decency.

I didn't like Chris Dyer's designs much, an empty stage littered with such irrelevances as the first-floor roost up a pole for flying flags from, but little else. I saw no point in the lines of mirrors, unless they represent an aristocratic wall; and the rocking-horse upstage is only used for the Lords to stick their swords into. It is as if the décor has to match the director's determined comedy.

B.A. Young

Barbara Hendricks

WIGMORE HALL

Unfortunately it is not enough to want to sing the song repertoire well. The American soprano Barbara Hendricks has given ample notice that she is serious, with live appearances and recordings to her credit; but the more often one encounters her in recital, the more those evenings take on the feeling of duty rather than pleasure.

At the Wigmore Hall on Saturday the best was left to the end. With Strauss as her composer Hendricks has a strong personality on whose shoulder she can lean. A song such as the effusive "Cäcilie" or the dreamy "Morgen" comes with a definite character built in and will make its effect so long as the singer has a beautiful voice and the correct style. The latter came across well in an affecting performance here.

With Schubert the interpreter must have the gift of unlocking the emotions from within. "Die junge Nonne" is one of the easiest songs to characterise: Schwarzkopf found in it a tremulous intensity, Janowitz a radiance, Baker a resoluteness that gave it a personal appeal. Hendricks did all the right things, but it failed to make an impression.

Above all, she has chosen to specialise in the difficult field of French mélodies and it is there that success seems the most frustratingly elusive. It is easy to think of dozens of non-French singers who have failed to come as close to the correct style as Miss Hendricks has. But as she made her way through Debussy's *Ariettes Oubliées* one started to yearn after their faults, their exaggerations, their lapses of taste – anything to make the music come alive.

Ralf Gothoni was the striking accompanist with plenty of ideas of his own. Too many perhaps, for he was apt to assume prominence at the very moments when his singer needed the audience's attention most. There is a gulf between being an earnest student of song and a real communicator, and Miss Hendricks is regrettably stranded just on the wrong side of it.

Richard Fairman

Figaro gets divorced

GATE THEATRE

In the late 1930s, two quite different European artists turned to Beaumarchais's *Marriage of Figaro* and used it as the basis of a new work. One was Jean Renoir, who in 1939 made *The Rules of the Game*, with its chain-pursuit of love, and its old chateau summing up the vestiges of the old order of Europe. After long years of neglect, it has, in the last three decades, become widely recognised as a film masterpiece.

The other was the Hungarian writer Odön von Horvath, who in 1937 (the year before his death) completed *Figaro Gets Divorced*. No complete production of this play occurred until 1960. Now, as part of our late discovery of Horvath's work, it is being given its British première by Filthy Lucre, a company which has already honoured this playwright. What place in the annals of drama will this *Figaro* in time be accorded? My immediate impression is that I have just seen a long lost classic of modernist drama.

"Susanna," Figaro reminds his wife, "a world order has collapsed." They have helped the Count and Countess to flee the country after the Revolution. But Figaro is still an entrepreneur who longs to be his own master. *In exile, he* and Susanna ("Herr and Frau Figaro") run a barber's shop. But Figaro will not give Susanna a child ("Be rational. Who could possibly want to bring a child into the world any more?") And Susanna hankers for her old life. ("I was the confidante of a Countess!") They adapt themselves to exile less well than their former masters. "Susanna wants to be a lady's maid again," the Countess laughs to her husband, "She's living in the past."

The Filthy Lucre cast gives a strong, fast, intense account of the play. Roger Sloman's initially cynical and flexible Figaro and Diana Kent's bitter, unhappy Susanna both move compellingly to a quiet, sad wisdom. Richard Mayes's Count – never without his air of *savoir faire* even when his crimes are exposed or his mind turns to suicide – is a vivid impersonation of the *ancien régime* on the skids. Mark Spalding brings subtle striking force to three different supporting roles. Ian MacNeil's set includes mirrored baroque walls, as in the *galeries des glaces* of French chateaux; but he and the director Stephen Daldry have set the play in the 1930s, justly, for the shattered world of the play, in many profound ways, is that of the 20th century that Horvath knew.

This play comes to us with perfect timing – months after the bicentennial of the Revolution that Beaumarchais's play *had heralded, and just as he* beholds the new tying together of old threads in Europe. It is, eventually, about modern history and how individuals construct a present upon it.

Alastair Macaulay

ARTS GUIDE

March 30-April 5

OPERA AND BALLET

London

Royal Opera, Covent Garden: A newly staged production (in old sets) of *Die Meistersinger* by John Cox introduces two renowned Wagner portrayals – Bernd Weikl's Hans Sachs and Hermann Prey's Beckmesser – to London audiences.

English National Opera, Coliseum: David Pountney's new production of Verdi's *Macbeth* with Mark Elder as conductor. Also in repertory: Pountney's witty, sharp-edged production of Prokofiev's *The Gambler*, conducted by Sian Edwards, with Graham Clark once again outstanding in the leading role of Alexey; and *The Mikado*, in Jonathan Miller's celebrated "white-hotel" reworking.

Paris

Opéra Comique. Bohuslav Martinu – *La Passion Grecque* produced by the Prague National Theatre (42869883).

Paris Opéra. Roland Petit arrives with *Carmen*, *The Young Man and Death* and *Debussy for Seven Dancers* at the Palais Garnier (47425371).

Théâtre de la Ville. Jean-Claude Galotta and the Group Emile Dubois perform *Les Mystères de Subal* (42742277).

The Bastille Opera. The newly inaugurated opera house continues with *Les Troyens* by Berlioz. Myung Whun Chung conducts and the production is by Pier-Luigi Pizzi. Palais des Congres (40011789).

Kirov Ballet dances *Swan Lake* with Sylvie Guillem (46402511).

Amsterdam

The National Ballet with a new ballet by Rudi van Dantzig to music by Kancheli, *Voorbij gegaan* (Van Dantzig/Chopin), and *Brahms-Schönberg Quartet* by Balanchine (Fri). Muziektheater (255 455).

Brussels

Théâtre Royal de la Monnaie. The Monnaie Opera in a new production of Wagner's *Lohengrin* staged by Anja Silja. Palais des Beaux-Arts.

Madrid

Teatro Lirico Nacional la Zarzuela. *Le Nozze di Figaro* in a production by the Welsh National Opera, conducted by Antoni Ros-Marba, with a cast led by Carlos Chausson, Richard Stilwell and Leila Cuberli (429 82 25).

Milan

Teatro alla Scala. Keita Asari's production of *Madama Butterfly* conducted by Gianandrea Gavazzeni with sets by Ichiro Takada and choreography by Hidejo Kanzaki. Catherine Malfitano and Juan Pons lead the cast (80.91.26).

Teatro Nuovo. Carla Fracci as Isadora Duncan and Olimpia Carlisi as Eleonora Duse in *Adieu et Au Revoir*. Produced by Beppe Menegatti and Rita Ribeni (78.12.19).

Trieste

Teatro Verdi. Magnificent production of Beethoven's *Fidelio* by Bernd Gottschalk, with dramatic sets by Ulderico Manani.

Turin

Teatro Regio. Pasquale Grossi's production of Verdi's *La Traviata* conducted by Roberto Abbado, with Nelly Miricioiu, Renato Bruson and Vincenzo la Scola (8815.242).

Rome

Teatro dell'Opera. Elisabeth Norberg-Schulz and Ezio di Cesare in Franco Mannino's *Il Principe Felice* conducted by the composer. An excellent production by Sandro Sequi, originally done for the Scala in Milan, using sets and costumes by the inventive and versatile Emanuele Luzzati, heavily influenced by Chagall (46.17.55).

Berlin

Opera. *Der Barbier von Sevilla* is a well done repertoire performance. *Manon Lescaut* has a strong cast led by Anna Tomowa-Sintow in the title role. *Hoffmanns Erzählungen* in Mario del Monaco's production returns with Iris Vermillion, Faye Robinson, Neil Shicoff and Peter Maus. Further offered *Die lustigen Weiber von Windsor* and *Die Zauberflöte*.

Hamburg

Opera. Harry Kupfer's controversial new *Tannhäuser* production is well sung by Rene Kollo in the title role, Waltraud Meier, Llinda Plech and Andreas Schmidt. *Tosca* has a first-rate cast led by Leona Michell, Giacomo Aragall and Ingvar Wixell. Last performances of John Neumeier's ballet *Ein Sommernachtstraum*. *Romeo et Juliet* has John Neumeier choreography.

Cologne

Opera. The new John Dew *Simon Boccanegra* production was well-received when it opened last week, conducted by James Conlon. *Madame Butterfly* brings Hiroko Nishida, John del Carlo and Marcus Haddock together.

Munich

Opera. *Die Entführung aus dem Serail* stars EdithGruberova, Guenter Nöcker, Gwendolyn Brandley and Manfred Schenk.

Bonn

Opera. A concert version of *La Donna del Lago* starring Lucia Allberti, Martine Dupuy, Rockwell Blake and Luca Canonici, conducted by Henry Lewis. The new lively *Barbier von Sevilla* production by Willy Decker is well sung by Ernesto Palacio, Bruno Pratico, Jennifer Larmore and Angelo Romero.

New York

Metropolitan Opera. James Levine conducts *Das Rheingold* in the first of the season's Ring cycle in which Tatyana Troyanos sings Fricka, James Morris is Wotan and Jan-Hendrik Rootering is Fasolt. Franco Zeffirelli's new production of *Don Giovanni* continues. Opera House at Lincoln Center (362 6000).

Tokyo

Sankaijuku. Japan's leading buto dance troupe perform a new work entitled Shijima. Bunkamura, Theatre Cocoon. Ends Tues (477 3244).

SALEROOM

Imperial premium on wine

The Soviet Government is trying to enhance the reputation of Russian wine, and consigned over 13,000 bottles of dessert and fortified wines made at Massandra in the Crimea to Sotheby's for auction yesterday. To draw a crowd it included vintages going back to the 1830's, some of which carried the Imperial seal in the glass, embossed with the twin headed eagle cypher.

These attracted the highest prices from interested collectors rather than wine merchants, who gulped at paying over the odds for little known wines of unknown quality, although sweet wines a century and more old are quite likely to have kept some of their character.

A Swiss buyer was very active in the morning session, paying £7,700 (as against a top estimate of £3,000) for three bottles of Livadia white port of 1891 in the olive green Imperial shaped bottle with the seal on its shoulder, which Sotheby's maintains is "quite outstanding." He also spent £26,400 (as against a top estimate of £12,000) for 12 bottles of Livadia red port of the same year, described as "truly great."

A wine catalogued as "Prince Golitzin, The Honey of Altae Pastures" dated 1886 and believed to have been served at the coronation of Tsar Nicholas II, went to Switzerland for £6,380, almost ten times estimate, while an Irish private buyer acquired three bottles of Aleatico Church wine of 1897, which Sotheby's maintains will last for years, for £4,400.

Phillips had mixed fortunes with its auction of Russian art. Top price was the £50,600, three times estimate, paid for a 1926 abstract by Ivan Kudriashev, "Dynamic construction in space." "Counter relief," by Vassily Ermilov, also did well at £33,000, but generally bidders sat on their hands, perhaps waiting for the more celebrated Russian goodies on offer at Sotheby's and Christie's later in the week.

As forecast, it seems certain that Canova's statue of "the Three Graces" will remain in the UK – at least for two decades. The entrepreneurs David and Frederick Barclay have offered the asking price of £7.6m, and hope that if all the judicial problems can be solved the statue can go on loan for 20 years to the V&A and a major Scottish institution, presumably the National Museum of Scotland whose director, Timothy Clifford, offered £1m towards the appeal last week.

Another important Old Master to stay in the UK is Jan van der Heyden's view of the Westerkerk in Amsterdam, which will go to the National Gallery following a private treaty sale which valued it at £4m.

Antony Thorncroft

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Tuesday April 3 1990

Mob violence in Britain

Britain has acquired an unenviable reputation for mob violence and thuggery in three areas – football grounds, prisons and, now, the pavements of central London itself. There may be a deep sociological explanation for the recent outbreaks, possibly encompassing theories about the secularisation of society and the alienation of a poorly-educated section of the workforce, but on the surface the differences in the circumstances surrounding each area of brutish behaviour are more apparent than the similarities.

Antiquated stadiums, in which most fans stand crushed together and facilities are primitive, create a breeding-ground for football hooligans; the right policy is to erect modernised, covered, all-seated areas for spectators. The recent Budget provides a tax concession to encourage the necessary investment. It is also plain that overcrowded jails, in which men are kept locked in their cells, will in the end erupt in riots and brutality of the kind seen at Manchester's Strangeways prison over the week-end. The Government has begun to tackle the problem, partly by attempting to reduce the prison population, and partly by building more prisons. The courts have tended to thwart the first ambition, while Treasury constraints have placed a natural limitation on the the second. Yet the Home Office is to be credited with moving in the right direction.

Inquiry necessary

The proximate cause of the looting, "trashing" of expensive motor cars, and pitched battles with the police that the world's TV viewers saw on Saturday night is less easy to determine. The police blame some 3,000 roughnecks out of a crowd they say was 40,000-strong. By some accounts these mob activists were egged on by anarchists. Others have it that the crowd was 200,000, and that the police response was indiscriminately severe. A full inquiry may be necessary if there is to be a measured evaluation of these accounts.

The riot concluded what had been a peaceful demonstration against the poll tax. The Government has been quick to infer a connection between the statements of some 30 Labour MPs that they will not pay the community charge and the propensity of young louts to throw bricks at police constables. It argues that the "won't-pay" opposition MPs encourage law-breaking, and that street violence is one inevitable consequence. Yet there was no violent ending to a similar demonstration in Glasgow.

Natural focus

MPs should certainly be upholders of the law, and Labour MPs who encourage non-payment should be disowned, but the Government is on dangerous ground when it goes beyond that. Its argument could just as well be extended and turned the other way around: a tax that most people, including many Tories, manifestly regard as unfair is a natural focus for protest demonstrations. The latter will on occasion provide the background for troublemakers. The street violence that so shamed Britain on Saturday night was criminal, and cannot be condoned. Yet the perception that the poll tax is regarded by most people, including many respectable people, as inequitable may have given a spurious aura of legitimacy to that criminality.

In the short run the recalcitrants should be punished by the courts. The poll tax should be withdrawn by this or a future government, but in spite rather than because of its association with a latter-day peasants' revolt. The police should re-examine their approach to crowd control and ask themselves whether it is adequate.

One fundamental cause of British violence may be the decline in religious feeling, exacerbated by the relaxation of parental controls. The state can look to education and training, which produces too many youngsters without hope of a good job or a home, even in the shrinking low-rent housing market. Society is becoming divided between a majority of aspiring and affluent citizens and a minority on the edge of the underclass. Britain is producing too many young rowdies. Mere punishment of the worst of them is not a sufficient response to the events of the week-end.

New choices in defence

THE BRITISH Defence White Paper, published yesterday, reads like an interim document and is not necessarily any the worse for that. Defence is a hard subject to turn round quickly even in normal times, and these times in eastern and central Europe, let alone in the Soviet Union, are far from normal. All that is clear is that some of the old certainties have gone. It is much less obvious what is emerging – or should emerge – in their place.

Not only do Soviet intentions towards the West appear to have become markedly more pacific; there are also clear signs by now that the Soviets are no longer increasing their military capability at the past rapid rate. The White Paper notes a significant decline in the production of Soviet tanks and fighter aircraft and a shift to merchant vessels rather than warships. Given the natural tendency of British defence statements to err on the side of conservatism, it probably underestimates the changes that are taking place.

Some changes may be irreversible. For example, it is very difficult to imagine those eastern countries which have embraced democracy, like Hungary, ever again becoming dependable members of the Warsaw Pact. It has also become unlikely that a full-scale European war will break out suddenly: the warning time for any major conflict in Europe has been lengthened by political developments.

Conventional forces

There is, too, an agenda for arms control which is being taken seriously by both east and west. It should be possible to reach agreement on sizeable cuts in conventional forces in Europe at the Vienna talks within the next few months. Indeed it is on the cards that some of the east European countries will pre-empt the talks by making cuts before agreement is reached.

All that is immensely encouraging. Never the less, we are still only at an interim stage. Some near-certainties remain. For instance, even if the Soviet Union loses some of its constituent parts, it is likely to continue as a military superpower. Equally, western Europe will feel a safer place if an American military presence is maintained. There must also be a need to keep sophisticated military forces for possible use outside the Nato area. Britain, in particular, will not want unduly to run down its navy.

Changed environment

The defence debate now, which the White Paper can help open up, should be about the resources and strategy required for the changed environment. It is already clear, for example, that fewer tanks will be needed for the central European theatre. It will almost certainly be the case that there will have to be substantial reductions in British forces in Germany, even if Mrs Margaret Thatcher's Government remains reluctant to admit it. In the longer term, there may also be renewed questions over the need for independent British nuclear forces.

None of these questions could be answered in the White Paper, but – the nuclear side apart – it has begun to pose them. The debate cannot be allowed to drag on too long, for not only are external events dictating a brisk pace: there are signs that the British armed forces are drawing their own conclusions and leaving the services. For demographic reasons, there would have been problems with recruitment in the 1990s in any case. The White Paper records that, on top of that, applications for premature voluntary release have been rising sharply. Moreover, it is often the best people who go first: the fighter pilots who have required years of training, for instance.

This exodus is taking place despite a marked shift in defence expenditure in favour of personnel and away from equipment. In 1984-85, 34.9 per cent of British defence spending went on personnel; the estimate for 1990-91 is 41.4 per cent. Spending on equipment will have fallen from 45.8 per cent to 39.1 per cent in the same period. Meanwhile, as a percentage of GDP, defence spending has dropped from 5.1 to a provisional 4 last year. It could come down further. The task is to get all the pieces of an adjusted strategy in place.

Hugo Dixon reports on the prices of intercontinental phone calls and looks at the pressures of competition

Reconnecting charges with costs

Pick up a phone in Manhattan to call Los Angeles, which is 2,459 miles away, and it will cost you just $0.25c a minute at peak rates. Use the same phone to call London, which is 3,458 miles away. It is 40 per cent further, yet the price will be about four times the Los Angeles call.

That differential between the price of domestic and international calls is insignificant on a call lasting only a minute. It is an accepted part of international life, like waiting for luggage at airports. It has the blessing of governments which own or regulate telephone operators.

But people around the world will this year spend some 30bn minutes making international calls. The differential is the foundation for the huge profits telephone operators make from their international businesses.

At first sight it might seem that the higher price of international calls is justified by the cost of installing an international infrastructure stretching thousands of miles often on the sea bed. It is not. The explanation is much more straightforward.

The international telecommunications industry is run by a cartel of very powerful companies, such as AT&T in the US, British Telecom in the UK, Japan's KDD and the West German Bundespost. The members of this exclusive club – known as the *CCITT (International Telegraph and* Telephone Consultative Committee) exploit their power to set international charges well in excess of costs. The finances of their international businesses, which are milked as cash cows to subsidise other activities, are scarcely transparent. The system through which they share out the spoils of the business is arcane.

But the consequences are immense. International phone users are paying the telephone companies between *$10bn and $20bn a year more than* they would have to if prices reflected underlying costs, which have fallen sharply in recent years. If free competition were introduced prices would plummet, the volume of traffic would grow and services would proliferate.

Like the OPEC oil cartel in the 1970s, the international telephone cartel is distorting the development of virtually every branch of industry.

Information is becoming essential to increasingly internationalised businesses. By restricting the flow of information across borders the cartel is retarding internationalisation and holding back world growth.

Like OPEC in the 1970s, the international telephone cartel is distorting the development of virtually every branch of industry

The break up of the cartel would bring many benefits. Prices would fall and a way would be opened for a spread of international business services which are now barely profitable.

Manufacturers would more easily organise international suppliers and distributors and link their operations. Small and medium-sized companies *would benefit particularly. In Europe* it would complement moves to upgrade the transport infrastructure and liberalise air travel to speed the creation of a single European market.

International yellow pages, freephone numbers, marketing and sales services might take off. National experiments such as the French development of Minitel, a cheap network for information services, which has spawned thousands of new services could spread across borders.

The explanation for the high cost of international calls is a story of how the cartel has extracted a huge monopoly rent from the introduction of new technology which has driven down costs. "There is no reason whatsoever that a call from New York to Los Angeles and a call from New York to London should not cost the same," says Mr Konnie Schaefer, the US entrepreneur responsible for putting the first private fibre-optic cable across the Atlantic.

Most experts agree that international calls should cost the same as domestic calls or only a little more. An official at the Federal Communications Commission, the US telecommunications watchdog, says the true cost of a trans-Atlantic call should only be a few cents more than that of a long-distance call within the US.

It is difficult to determine exactly the extent of the over-charging *because the phone companies refuse* to divulge details of their costs.

Secrecy is also a barrier to understanding profits. AT&T, for example, refuses to publish a break-down of its profits, arguing that the *information* is confidential.

Never the less it is clear the business is highly profitable. BT's accounts record that it made an operating profit of £653m on its £2.049bn revenue from international business in the 1988-89 financial year.

But two years ago, BT changed its accounting methods with the result that its international profits for 1986-87 were revised downwards £124m to £479m, while domestic profits increased by a similar amount. If the old accounting arrangements had been kept, BT would have made about £800m profits from international services in 1988-89.

The constituent elements of the international network have become much cheaper in recent decades. FCC figures show the cost per minute for using a transatlantic cable in 1956 was $2.53. It had fallen to $0.04 in 1988 and was expected to drop to $0.02 in 1992. The cost of leasing an international voice circuit from Intelsat varies between $1 and $13 a day.

Mr Greg Staple, a Washington DC consultant, says: "The incremental costs for picking up and delivering international calls are probably less than 10 cents a minute, especially off-peak, because the cost of domestic networks has already been amortised by revenue from domestic calls."

How is it that these impressive cost reductions have not been passed on to customers?

At the heart of the international phone cartel is an obscure accounting rate system dating back to the 1940s which determines how the money earned on international calls is shared. A phone company which cuts its international prices is penalised.

The cartel is buttressed by the fact that the phone companies jointly own most of the international cable and satellite links, so preventing competition between them. The CCITT club of phone companies also recommends its members not to allow international private circuits to carry public telephone traffic.

An international call has to be handled by a phone company at each end. But only the company in the country where the call is made collects the customer's money. The accounting rate system compensates the company in the other country for the costs it incurs in handling the call.

Accounting rates are supposed to be set at a level equal to the cost of making a call between the two countries. The phone company in the country originating the call then passes on half the accounting rate to its counterpart in the other country. Because calls are made in both directions, *money actually only changes* hands at the end of each month to settle any difference.

The framework for the system is agreed at the CCITT. However, accounting rates are normally set bilaterally at meetings between each pair of countries.

The phone companies are free to charge their customers what they wish. The accounting rate is used to divide the revenue between them. Most accounting rates are now several times costs.

"Apart from the intra-European relations, there is little pretense that these payments begin to reflect the underlying costs of the infrastructures used," said Mr Jonathan Solomon, Cable and Wireless' director for corporate business development and a former senior civil servant at the UK's Department of Trade and Industry, at a recent Financial Times conference. The artificially high *accounting rates deter phone companies from* cutting their international prices.

The only leading country which publishes information on accounting rates and international traffic flows is the US.

In 1988, the US made 5.2bn minutes of outgoing international calls but only 3bn minutes of international traffic came back in the other direction. As a result, the US phone companies paid their foreign counterparts a net $2bn. One reason is that it is on average about 30 per cent cheaper to make a call from the US than a call in the opposite direction.

The high level of accounting rates mean that US phone companies pay out to their foreign counterparts an average of 75 per cent of the revenues they collect. The pay-out can be even greater. The accounting rate with Brazil is so high that American operators keep less than 1 per cent of what they collect.

The system makes it much more profitable for the phone company that receives the call than for the one that sends it. This is exacerbated because the costs of handling a call fall disproportionately on the country which originates it.

Of course, AT&T and the other phone companies also receive calls from abroad. These calls are so lucrative the whole international service is still profitable.

But because incoming calls are more profitable than outgoing calls AT&T has little incentive to reduce its prices. Its margin on outgoing calls – which are already fairly low – *would be squeezed. It is also likely it* would receive fewer incoming calls as people realised it had become even cheaper to arrange for calls to come out of the US rather than into it.

The US is not the only country to face a deficit as a result of the accounting rate system. A forthcoming International Institute of Communications report by Mr Staple shows that, among the major telecommunications powers, only Italy and France have significant traffic surpluses. The UK and Japan are roughly in balance, while the US, West Germany, Australia, Singapore and Canada are in deficit. The major beneficiaries of these traffic deficits appear to be newly industrialised countries such as Mexico, Turkey and Algeria. These have relatively high prices and also export many workers to richer economies, who then call home.

Not all the phone companies are happy with the accounting rate system. Both AT&T and BT say they *would like to see accounting rates* come down in line with costs.

This, however, is easier said than done, as negotiations are tortuous and drawn-out. "It might be nice to cut rates by 50 per cent worldwide," says Mr Thomas Luciano, who is in charge of negotiating accounting rates for AT&T. But "not many people are willing to take a $900m cut in their income stream."

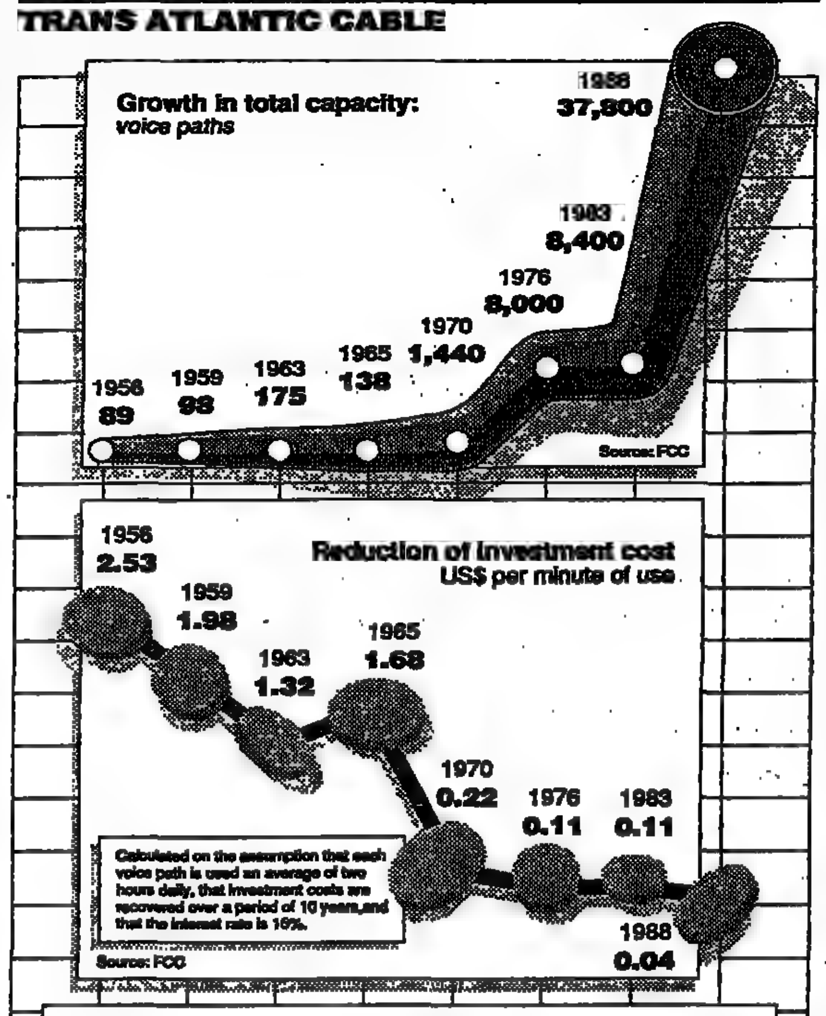
Concerted efforts to reform the system are difficult because even countries with substantial deficits use surpluses from other routes to prevent their balance of payments worsening.

Others believe the whole system needs to be replaced. The options are set out in a recent paper by Prof Henry Ergas of Monash University, Australia and Dr Paul Paterson, chief economist of OTC, Australia's international phone company. One is to set accounting rates at costs; another is for the country which originates the call to keep all the money it collects from its customers. This system has been pioneered in an agreement negotiated earlier this year between Singapore Telecom and Jabatan Telakom of Brunei.

However the problem of persuading the countries which benefit from the current system to accept reform. One solution, put forward by Prof Ergas and Dr Paterson, is to cut accounting rates by a fixed percentage each year, giving the phone companies time to *adjust.*

The long-term solution, though, is to make the market more competitive. If phone companies had a choice of carriers to handle the other end of an international call instead of having to rely on the foreign monopoly, competition would drive accounting rates down to match underlying costs. And if restrictions on foreign ownership of telephone operators were lifted telephone companies would be able to provide international services end-to-end on their own. The accounting rates which provide the companies with such lucrative profits at the expense of consumers would not be needed at all.

TRANS ATLANTIC CABLE



Current European telephone tariffs
3 minutes at peak rate in US$

	Nearest European	Furthest European	US	Japan	Short trunk	Long trunk
France	1.89	3.31	3.95	8.08	0.49	1.38
W.Germany	1.96	2.38	5.50	5.50	0.55	1.57
Italy	2.91	3.79	[illegible].46	11.80	0.54	1.37
UK	1.55	2.14	3.36	6.57	0.46	0.66
Europe*	1.96	3.05	5.65	8.83	0.44	1.00

* average of 16 countries

Source: The Yankee Group Europe

Bundesbank watch

■ It was frequently said of the West German Chancellor, Helmut Kohl, that he was not nearly as serious about matters economic as his predecessor, Helmut Schmidt. In particular, he did not have much to do with the Bundesbank and did not exactly surround himself with economic advisers in Bonn. Indeed Kohl took a swipe at "all those clever economists" who used to run the country when he visited the Financial Times last week.

The criticisms were made mainly when Kohl's fortunes were low, both at home and abroad. Now, however, something has changed. Not only was Helmut Schlesinger, the Vice President of the Bundesbank, put on the team negotiating economic and monetary questions with the East Germans; Hans Tietmeyer, another Bundesbank board member, has been appointed Kohl's temporary personal adviser dealing with German economic and currency union.

Tietmeyer went to the Bundesbank only last year, having previously been State Secretary at the Finance Ministry. It was said at the time that he was one of the international financial experts left in Bonn.

The Tietmeyer and Schlesinger roles can be read in two ways: the Bundesbank strikes back, or Kohl knows when he needs economic advice.

Camel corps

■ Allan Ramsay is leaving Beirut at the end of this month after two years as British Ambassador. One might suppose he had earned a spell in a nice peaceful country, but he is going straight to Khartoum.

His successor, Simon Fuller, is not an Arabist. He arrives in Beirut fresh from four years as head of chancery in Tel Aviv. Time was when that would have disqualified him to serve in any Arab country, but today it is rightly seen as an excellent preparation.

The Foreign Office, incidentally, is very pleased at having got Douglas Hurd to say (à propos Iraq) that he did not believe in breaking off diplomatic relations. Stand by for an effort to reopen the British Embassies in Damascus, Kabul and Tehran, all currently closed.

OBSERVER

Gummer's wait

■ When is a scoop not a scoop? Answer: when it's (not) an oral statement to Parliament. Our agriculture correspondent wrote in yesterday's FT that John Gummer, the Agriculture Minister, intended to announce new measures for pesticide safety "today".

Urged on by the criticisms of an unprecedented alliance of the British agrochemical industry and environmental groups, including Friends of the Earth, Gummer was poised to stand up in the Commons yesterday afternoon and declare that he would double the numbers of people engaged in approving new pesticides and give them a much bigger budget. But it was not to be.

His planned 10 minutes at the despatch box had to give way to statements by other ministers on the weekend's poll tax and prison riots. He might just make his statement today, but if not, so tight is the parliamentary schedule, with Easter coming up, that he may have to wait two or three weeks. Which seems a shame: new pesticides approvals are taking 4½ years, longer than anywhere else in the EC.

Health tax

■ A new health shop cum newsagency has opened in Whitehall. It also sells a wide range of cigarette brands. But an ordinary packet of 20 costs £2 – against a normal £1.75. "That," said an assistant firmly, "is management policy."

"My poll tax bill was in the glove department of my Porsche."

All about port

■ "It seems there's a lady in Leicester/Who wouldn't say know say no if you pressed her..." We won't go on, and after that promising start, the limerick rather peters out. It comes from a display of advertisements for the House of Sandeman, which celebrated its bicentenary with a lunch at the Guildhall yesterday.

We had forgotten how good some of them are. The one of The Don (Iberian not academic) in a black cape was painted by a Scot called George Massiot Brown in 1928. He signed himself G Massiot in order to seem fashionably French. The original painting was bought by a member of the Sandeman family for 50 guineas and has been a symbol of the company ever since.

Other facts: sherry may have become unfashionable in Britain, the dryer varieties being associated mainly with bishops and senior civil servants, but the UK still has 29 per cent of the world market, with a preference for cream sherries.

The growing market is Germany, which now accounts for 60 per cent of Sandeman sherry sales. The Germans like medium dry.

The largest port consumers are the French, who take about 35 per cent of total production and drink it as an aperitif. The UK port market is growing *as well, but, according to Sandeman*, the key to the future of port lies in the US, largely because it is currently taking only about 130,000 cases a year (against the French 3m). Sandeman is trying to woo the Americans with non-vintage port first, since the better stuff is in short supply.

Port production was much stimulated by the World Bank, which backed a scheme to *replant vineyards in the Douro* region of Portugal in 1985.

King's camera

■ Britain's new Defence White Paper, published yesterday, contains a number of colourful photographs. One of them is headed "Phantom refuelling over East Falkland" and it is the only one with an attribution. The picture was taken by Tom King, the Defence Secretary. "It's not quite Denis Healey," a former Defence Secretary and near-professional photographer, King said yesterday, "but it's not bad". He suspects that the Ministry of Defence tried to show him up by placing it next to a really glossy picture of a British soldier talking to children in Namibia.

Happy man

■ A reader reports that on Waterloo Station yesterday he saw an elderly man carrying a large bunch of roses, a bottle of brandy and two pillows.

Cliff Pratten argues that companies may be belittling the complexity of industrial success

The limits to training

Increasing and re-focusing education and industrial training are becoming the fashionable panacea for improving Britain's industrial performance. The Labour Party's enthusiasm for training outruns the Government's; Labour's economic policy calls for a better educated, trained and skilled workforce. Is the contribution of education and training being exaggerated? Has the pendulum swung from neglect of training to exaggerating its importance as a way of improving of the economy?

Between 1985 and the middle of 1989 the output of manufacturing industries increased by 19 per cent. It is unsurprising that such rapid growth exposed shortages of many skills, and stimulated a concern to increase the supply of people with skills. However, the new enthusiasm for training is based on claims that it will increase the competitiveness and performance of the UK economy in the long run rather than plug the immediate shortages of skills.

Assessing the importance of the links between the factors contributing to labour productivity and economic performance is not easy. It is difficult to measure both the quantity and quality of training and the other things which affect labour productivity. Indeed, it is hard to measure labour productivity itself. None the less, there is no doubt that – in some industries – productivity in Germany, for example, is higher than it is in Britain. There is also a different system of vocational training in Germany. Yet the extent to which differences in training contribute to differences in productivity has not been measured or proved.

What are the other factors which contribute to high labour productivity and good industrial performance? Scale is one. Labour productivity in US manufacturing has been higher than it has been in Europe, including Germany, but there is no evidence that American training systems are as systematic or as thorough as those in Germany. In the US, though, unit output is greater and production runs are longer than the European norm.

We must also consider cause and effect, and ask whether successful companies provide good training or does good training lead to industrial success? Rolls Royce, Glaxo and GEC – (let us call them "A" class companies) provide their employees with high-quality training – so do many successful small UK companies. The quality is partly attributable to trainee's exposure to state-of-the-art production and partly to the resources which "A"-type companies invest in training. Germany has many more "A" class companies than Britain has. Is this the key to differences in industrial performance? As well as providing good, relevant training, successful companies improve performance by creating a demanding market for suppliers. They also put pressure on their competitors and give state-of-the-art production experience to managers, some of whom move to other companies.


Rolls Royce: An 'A' company which offers good training

Advocates of the importance of training may accept that successful companies and production scales contribute to the performance of economies and to labour productivity, but say that Britain can not match the US for scale, nor create more successful companies overnight. However, there are other things which also contribute to differences in economic performance.

Motivation and discipline are clearly important. In Britain there are many opportunities for students and employees to acquire education and skills, but Japanese students and workers seem to be more highly motivated to take advantage of similar opportunities in their own country by studying in their own time and taking correspondence courses. The result – skills acquisition apart – is differences in the pace and quality of work.

More graduate recruits go into manufacturing industries in Japan than they do in Britain. In Japan and Germany, manufacturing industries cream off a higher proportion of the most able young people (not just graduates) and this may contribute to their competitiveness. The image of manufacturing industry in Britain is unattractive to many young people who have potential technical ability. It is also unattractive to their parents, who counsel them on job choice. Many craftsmen and technicians in manufacturing industry have faced repeated redundancy. They perceive that layoffs in other sectors have not been as widespread and advise their children to seek careers outside manufacturing.

Investment in training employees is a part of total investment, and it may be that investment strategy, not training itself has hindered UK economic performance. It has been suggested that British firms decide on investments according to different criteria from those used by Japanese and German companies. Britain's lack of skills may be in part a symptom of these differences. British enterprises may base their decisions on training investment on the short-term pay-off, rather than on skills creation to boost performance in the long term. The readiness of giant Japanese and German companies to invest in new equipment and new lines of business contributes directly to industrial performance. It may contribute indirectly by providing national manufacturers with a local supplier and priority for testing and trying out new designs.

Pay is another important element in competitiveness. Companies and countries if they are to increase their market share against established, successful competitors must develop better products or services or have significantly lower costs. Savings on wages and dividends help to cut costs; the advantage is enhanced if lower pay and lower dividends are expected to persist.

There are a host of other things which contribute to industrial performance, including access to natural resources, government macroeconomic and taxation policies, social attitudes to entrepreneurship and planning restrictions on the expansion of successful enterprises and localities.

In the early 1980s the insights of monetarism were dissipated because the claims of the monetarists for control of the money supply as a cure-all were exaggerated. In the 1990s improvements in education and training may be more effective if their effects are not exaggerated and other means of improving economic performance are not ignored.

The author is a senior research officer in the Department of Applied Economics, Cambridge University, and a Fellow of Trinity Hall

FOREIGN AFFAIRS

Is this our frontier?

Edward Mortimer looks at Europe through the refracting mirror of Islam

"EUROPE and Islam" was the title chosen by Professor Bernard Lewis for his recent series of Tanner Lectures at Brasenose College, Oxford.

Why juxtapose a continent and a religion? In fact, Lewis explained, they are not such an asymmetrical couple as they sound. Europe is not really a continent: geographically it's more a peninsula, and no one really knows where it ends, since neither the Urals nor the Bosporus corresponds to an interstate frontier. "Europe" is more a feeling that certain people have about themselves and each other, and it corresponds fairly closely to what in medieval and early modern times was known as "Christendom."

Islam, on its side, is much more than a religion. From its very origins it was also a political community, and it soon became a civilisation. Like "Europe," that civilisation offers itself to the entire human race, yet is based firmly in a certain region of the world. Geographically, Europe and Islam are neighbours. Historically they are also rivals, and have often seen each other as bitter enemies.

Lewis's lectures were mainly historical, but they illuminate a topical theme. Today's Europe encounters Islam in at least three contexts: external, internal, and at the border between the two.

Externally, Islam is the primary form in which the Third World presents itself to Europe. Travel south, whether from Madrid or from Moscow, and the first non-European society you meet will be a Moslem one. Look at the various problems and challenges which the South poses to the North, and as often as not you will find that for Europe they wear a Moslem face.

Of course America these days finds it almost as difficult as Europe does to accommodate the Third World's "huddled masses yearning to be free." But the specific population which threatens to spill over into Europe, as opposed to America or Japan, is the Moslem population of North Africa, Turkey and the Indian subcontinent. It is the Moslem countries just across the Mediterranean which are most tantalised by the expanding European market. It is also the rulers of Moslem countries who cause the greatest anxiety by seeking to acquire from Europe the technology and components to make weapons of mass destruction. It is primarily Moslem fringe groups, often abetted by Moslem governments, which seek to vent Third World grievances on Europe through acts of reckless terror. Let Australians have nightmares about the Yellow Peril, and Americans about Hispanic wetbacks or drug barons. Europe's private nightmare is the Sword of Islam.

That nightmare in turn conditions Europeans' attitudes to the Moslem communities now established within Europe. These are all too easily seen as the thin end of a wedge, even the vanguard of an invading army. Folk memories of Saracen raiders in western Europe, of the Turks at the gates of Vienna, of the "Tatar yoke" in Muscovy, come flooding into the vocabulary of modern Europeans when they talk and write about these new fellow citizens. The fact that their migration is much more closely connected with a more recent historical episode, the expansion of European power and influence into the Moslem world in the 19th and early 20th centuries, is often lost sight of and in any case does not really help. That episode too has left its scars, on Europeans as well as on Moslems.

Let Australians worry about the Yellow Peril, and Americans about Hispanic wetbacks or drug barons. Europe's private nightmare is the Sword of Islam

Those Moslem communities are now entering a phase of collective self-assertion, which is quite normal for second- and third-generation immigrants but inevitably produces some friction between what they see as essential ingredients of their identity and what others see as essential values of the host society. It is equally normal for the host society, or parts of it, to emphasise that friction as a pretext (conscious or otherwise) for rejecting the demands of the newcomers that they and their culture be treated with fairness and respect.

Some think that Islam in itself poses greater problems than other religions or cultures in this respect, but this is by no means obvious. What *is* clear is that the historical and geopolitical relationship between Europe and Islam makes it harder for both sides to approach these problems constructively. Even some Europeans who would genuinely like to integrate Moslems into European society are prone to indulge in Islam-bashing in the supposed interests of enlightenment and toleration. Even those Moslems who genuinely think of themselves as European sometimes fall back into blanket condemnation of modern western culture, or into conspiracy theories about "Zionist" influence.

Islam is thus both an external and an internal problem for Europe. But perhaps it is more than that. If Europe as a concept is really a prolongation of Christendom, then the distinction between it and the world of Islam is central to its identity.

What first gave Europeans a sense of common interests and shared obligations was the fact that they professed Christianity and saw themselves threatened by "the Turk." In practice that threat was not sufficient to unite them in the age of the Reformation and of incipient nationalism. Yet the idea of European unity remained connected, at some level, with that of the unity of Christendom. It is surely not a co-incidence that today's European Community was founded by Christian Democrat statesmen, all of them in fact Roman Catholics.

To some extent these existential questions about Europe were driven underground by the Cold War, during which Stalin's empire provided Europe with a *de facto* eastern frontier. Whatever was not communist was "western" (i.e. European). The European credentials of Turkey were therefore accepted without much question. Its membership of the Council of Europe, and its association agreement looking forward to eventual full membership of the EC, were more or less automatic consequences of its membership of Nato. But now suddenly the iron curtain has gone up. Europe has to fix its own eastern frontier, and Nato membership hardly seems the most relevant criterion.

The temptation to fall back on "Christendom" is strong. Suddenly Russia is again "one of us," at least when it is up against Moslem resistance (presumed "fundamentalist"), though not when it is bullying Catholic Lithuania. But that raises an important supplementary question: does Christendom include the eastern Orthodox world; or should it be confined to Latin or western Christendom? The latter choice would mean drawing the line through the middle of Ukraine and Yugoslavia, and would lead logically to the expulsion of Greece from the EC: something which Greek politicians' mismanagement of their economy already seems close to achieving.

The answer must be that the European identity is not amenable to such historically tidy definitions. To many people, indeed, the very mention of religion in such a context will seem obscurantist and reactionary. Educated Turks especially, heirs to the militant secularism of Kemal Ataturk, are shocked to find their European identity judged by religious criteria. Yet the success of Ataturk's revolution looks far less certain today than it did a generation ago: almost every day brings new evidence of the strength of Islam in Turkey, not as a set of private religious beliefs but as a public phenomenon, moulding people's behaviour in the political and social arena. Nor in fact has it ever ceased to be the state religion in Turkey, in the sense that its institutions, unlike those of other religions, are financed and directly controlled by the state.

Few Christians nowadays would wish to see Christianity reinstated as the established religion of Europe in that sense. But for good or ill the Christian legacy remains a key component of European identity. That is bound to affect the argument over where Europe's border should be drawn, and its relations with Moslem communities both inside that border and beyond.

LETTERS

Property rights and east European liberalisation

From Professor Jack Wiseman.

Sir, Your columns have carried an increasing volume of comment on the liberalisation of eastern European economies. Although there are important differences between individual countries, the common concern is with the privatisation of state assets, the creation of free markets for goods and the development of markets for capital.

There is a healthy debate as to the appropriate policies to these ends, and the countries concerned are being offered a growing volume of outside "expert" advice. However, it seems to me that the precise nature of the problems is not always clearly understood.

Property, in the practically relevant sense of rights over resource-use, does not disappear in the centrally planned economy. Rather, private claims transactable through markets are replaced by "entitlements" conferred by membership of the party and related managerial and administrative appointments. It is from this that there emerges the system of privilege so resented by the ordinary citizen. Less generally recognised, but of considerable importance, is the fact that the same system must also be expected to produce a belief among workers that they enjoy property rights (entitlement) in respect of the enterprise which employs them.

Conceptually, the assets which in the communist state cannot be owned privately are owned by "society." But as Hayek put it: if everyone owns it, no one owns it. The problem is to find means to hand "society's" assets back to the "appropriate" individual private owners.

Clearly, there is ample room for conflict between the "rights" of individual citizens to what is supposed to be already theirs, and the "rights" which workers believe themselves to enjoy by virtue of their employment. Additionally, there is evidence that managers, if not prevented, are likely to behave as if the rights formerly conferred by the system can now be exercised by them personally.

There is no reason to expect that these problems will (or should) everywhere be resolved in the same way. But it will help to be clear about what is involved:

- If "society" already "owns" the assets, then the claims of individuals cannot properly be satisfied simply by putting enterprises up for sale. That amounts to the expropriation of those without current access to funds. "Ability to pay" must be replaced by some king of "social credit" reflecting the rights of individuals.
- If the creation of an efficient system of free goods and capital markets is the paramount objective, then the "rights" of workers need to be articulated through the contract of employment rather than through forms of "worker-ownership." The labour-managed firm is an incompetent device for the creation of a generalised and efficient market in capital. At the same time, there is no reason why the "rights" of workers should not be recognised by a variety of special incentives related to the contract of employment. The possibilities range from forms of profit (and loss) sharing, through two-tier boards, to UK-type special incentives to purchase shares in their employing enterprise.

I do not question the value of expert advice with the "nuts and bolts" problems of operating free market institutions. But the prior, and fundamental, problems concern the invention of practical means to create and distribute the transferable property rights which those markets are to transact.

Jack Wiseman,
Emeritus Professor of Economics,
University of York

The status and human rights of Europe's peoples

From Mr Bernd Koch.

Sir, There seems to be more than a grain of truth in the thesis that the development time-lag between the two halves of Europe is caused by different methods in handling conflicts between nationalities and nation-states.

A French philosopher, Alfred Grosser, has expressed his belief that West Germany has fostered the building of the new European house not so much by its economic contribution as by sacrificing its national identity. Even now, West Germans as well as East Germans are giving the same emphasis to European integration as to German unification.

However, as Ian Davidson points out ("Old European ghosts return to haunt Germany," March 22), some of Germany's neighbours see the situation differently from Mr Grosser. This misunderstanding could endanger western Europe's development advantage in handling nation-states' problems. Is a return to yesterday's Europe threatened?

If after the American civil war the victorious northern states had classified the people in the south as inhuman slaveholders and second-class citizens in perpetuity, the US would hardly have grown up to accomplish its magnificent role in today's world. Similarly, if Europe allocates different human rights and statuses to the peoples of its various nations, can it be expected that the continent will grow up to play its part in reducing the tremendous problems of tomorrow's world?

Bernd Koch,
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Neuss,
West Germany

International relations and Lithuania

From Mr Lionel Bloch.

Sir, Observer argues ("Autonomy," March 30) that if we in the West were doing more to help Lithuania "there would be a huge setback to the general improvement in international relations."

But that is demonstrably not so.

The West helped Afghanistan to stand up to the Soviet invasion and, never the less, when this assistance was given, it co-incided with a vast improvement in East-West relations.

Besides, the improvement of the international atmosphere is not an end in itself and appeasement is rarely conducive to it. When Britain and France abandoned Czechoslovakia to its fate in 1938, they advanced neither the cause of peace nor honour.

All the evidence, from Georgia to Armenia, indicates that the Soviet empire is not breaking up "overnight." On the contrary, with the West's active assistance, Mr Gorbachev could delay the disintegration of the Soviet Union for far too long.

Lionel Bloch,
9 Wimpole St, W1

Getting the best from the nation's youth

From Mr P.M. Tapscott.

Sir, I was disturbed by John Gapper's report ("YTS agents attack 22 per cent cut in training grants," March 27). He suggests that the training allowance will be £30.50 from May instead of £36.92. Out of this the trainee currently receives £29.50, if aged 16, and £35, if aged 17. The normal mix results in an allowance of around £31 being paid. There is, thus a negative margin.

Managing agents have been rightly required to raise training standards with the objective of trainees attaining level II National Vocational Qualifications. To achieve this our average cost per trainee week is £49.70. You may wonder how the cost gap can be closed.

The suggestion is that employers should provide work experience for the trainees and pay a fee. This might be feasible if all trainees left school with exam passes and were quick learners. But in Inner London this is not true. Almost all trainees start with no exam passes and are slow learners. Near illiteracy is common. Ultimately most succeed but it takes nearly two years' tuition before they are accepted for regular employment.

With the proposed cut in fee, the managing agent will be under pressure only to accept trainees who are fast learners and acceptable to employers. What is to become of the hundreds of under-performing school leavers? Surely the nation should be attempting to get the best from every young person instead of a situation in which the school failures move into unemployment and add to Inner City problems.

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FINANCIAL TIMES
Tuesday April 3 1990

D-Mark exchange proposal

Kohl backs away from Bundesbank

By David Goodhart in Bonn

MR Helmut Kohl, West German Chancellor, yesterday backed away from an immediate endorsement of the Bundesbank's recommendation to convert almost all East German Marks into D-Marks at a rate of two to one.

He also came under pressure to raise the ceiling on the amount that individual East German savers can convert at one to one.

The Bonn Government is still expected to follow the broad outlines of the Bundesbank's recommendations, spelled out yesterday in a six-point statement, which are also backed by big business and the banks.

Countering claims that a two-to-one conversion for wages and pensions combined with abolition of price subsidies would leave East Germans destitute, the Bonn Government emphasised the various "top-up" welfare arrangements it plans.

Mr Theo Waigel, the Bonn Finance Minister, who has welcomed the Bundesbank's recommendation, said East German workers could reckon on a wages top-up of DM200 ($117.6m) a month, paid from central government funds so as to keep the corporate sector competitive. Pensions will also be raised from less than 60 per cent of wages to the West German level of 70 per cent.

The Free Democrats, junior partners in Bonn's ruling centre-right coalition, said they would not accept the Bundesbank's limit for savers. Mr Hans-Dietrich Genscher, Foreign Minister and leading Free Democrat, said he was appalled at the discussion "as if the subject at issue were the stock market quotation of a major company instead of the future of 17m people."

The West German Social Democrats and all the main parties in East Germany have accused Mr Kohl of reneging on the spirit of statements he made during the East German election campaign in support of the more favourable conversion rate, and the East German trade unions have called for a day of demonstrations over the issue on Thursday.

The Bundesbank, defending its recommendation, said it would result in half of all East German savings accounts enjoying a full one-to-one conversion thus abiding by Chancellor Kohl's promise to smaller savers.

● West German industrial production for February was yesterday reported to be 0.8 per cent below the January figure on a seasonally adjusted basis but 4.4 per cent above the figure for the same month in 1989. Analysts said East German demand in the second half of the year would give a further impetus to growth and, through higher than expected tax revenues, could thus make modernising the East German economy virtually self-financing.

Communication problems; E. German resignation, Page 2

THE PROPOSALS

1 On the designated day, all East German borrowings, including liabilities from current transactions, should be converted into West German marks at a rate of one-for-two. Excluded would be individual bank accounts of up to 2,000 East German Marks per person, which would be converted at a rate of one-to-one. These accounts would be immediately accessible.

2 In light of the necessary cutbacks in savings of above 2,000 East German Marks, the West German Government should suggest in negotiations with East Germany that savers be guaranteed a stake in fiduciary funds held by East Germany and in holdings which would be privatised later.

3 The accord between the two states should also guarantee that in regard to monetary policy in East Germany, only the Bundesbank law and Bundesbank regulations would apply. This includes the need to be able to implement in East Germany all monetary policy decisions made by the Bundesbank central council.

4 To fulfil its responsibilities the Bundesbank must be able to open a provisional administrative office in Berlin and about 15 other branch offices in East Germany.

5 The [West German] commercial banking law needs to be introduced in East Germany, allowing West German and foreign commercial banks to open offices. Regulations on interest rates and foreign exchange limits need to be removed.

6 Borrowing by East German public authorities needs to be limited.

EC suggests draft text of law on intellectual property

By William Dullforce in Geneva

THE EUROPEAN Community stressed its determination to have intellectual property rights (IPR) protected worldwide under the General Agreement on Tariffs and Trade (Gatt) yesterday, when it was first to table a fully fledged draft legal text of an IPR agreement in the multilateral trade talks.

Under the draft, countries would have to offer 20-year protection to patents, including pharmaceuticals, and 10 years to semiconductor lay-out designs. Some countries presently refuse to protect pharmaceutical patents. Trade secrets would be covered, as would appellations of origin, such as those belonging to winemakers.

Mr Peter Carl, the EC's chief IPR negotiator, said the text reflected EC industry views more clearly than earlier Community proposals. All EC member states would have to amend their laws to comply with enforcement procedures included in the draft.

Brussels has dismissed Third World objections that new IPR rules should be anchored in the World Intellectual Property Organisation (Wipo), not in Gatt. The EC proposes an addition to the General Agreement under which Gatt members would agree to "provide effective and adequate protection . . . to ensure the reduction of distortions and impediments to international trade."

A 20-page annex to be attached to the General Agreement lists general provisions and standards to be observed. It sets out procedures for enforcing IPRs, including Gatt's dispute settlement mechanism.

The draft would ban unilateral punitive action such as that available to the US under Section 301 of its Trade Act against countries accused of failing to protect IPRs.

A committee on Trade-Related Intellectual Property Rights would be set up under Gatt to monitor operation of the annex. A joint group from the Gatt and Wipo secretariats would advise the committee.

The addition to the General Agreement would require approval by two thirds of the world trade organisation's 96 members.

The EC is seeking support from countries such as South Korea, Indonesia, Malaysia, Singapore and Mexico, which have already started to revise their IPR protection.

The EC, Japan and the US, which estimated that its industry lost $43bn-$61bn from inadequate foreign IPR protection in 1986, have made an IPR agreement a top priority in the Uruguay Round.

So far, the talks have made little progress, mainly because some developing countries, notably India and Brazil, fear an accord would stunt their economic development by reducing their access to technological developments.

Brussels' draft enjoins Gatt members to bring their domestic laws and practices into line with provisions in the proposed annex within a given number of years.

Governments would apply to IPR protection the Gatt principles of non-discrimination and national treatment, under which foreigners would receive no less favourable treatment than nationals.

Governments would protect all IPRs covered in the annex through their civil, criminal or administrative laws, and provide procedures to counter infringements.

The EC lists requirements on evidence, right to information, remedies, damages and indemnification of a wrongfully accused defendant.

Copyright standards would protect computer programmes such as literary works. Protection for phonogram producers, performers and broadcasting organisations would last at least 50 years.

Those, mostly developing, countries with laws allowing compulsory patents licensing would have to respect rules, to include payment to the rightholder of a remuneration corresponding to the economic value of the licence. Compulsory licences would not cover the knowhow related to exploitation of the invention.

Trademark registration would be indefinitely renewable, with a requirement that they be used. Compulsory trademark licensing would be banned. The draft includes protection for geographical appellations of origin, important for European wine producers. So far, the US has been reluctant to have appellations covered.

THE LEX COLUMN

Troubles from a new quarter

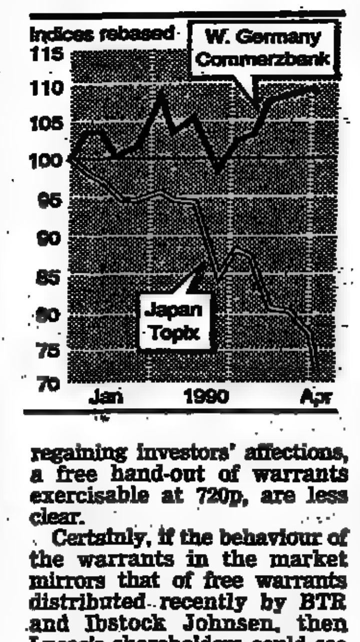
The first quarter of the year may have been deeply confusing for world markets, but the second quarter is starting off even worse. Yesterday sterling was buffeted by the reaction to poll tax rioting, the yen touched Y160 to the dollar and the D-mark was faced with deepening perplexity over the likely shape of German currency union. In such circumstances, the further slump in Japanese equities – down nearly 7 per cent this time – was almost reassuring in its predictability.

Tokyo was preparing itself for something of a bounce in equities today, while sentiment on the yen is so uniformly bearish that a contrary movement might now be expected. But it would be a brave investor who took a stand on the yen ahead of this weekend's G7 meeting, even if the markets have convinced themselves that there will be no credible policy initiative on what is essentially a domestic Japanese problem.

As for the D-Mark, it is clear that resolution of the terms of currency union – let alone the effects – is still weeks away. The Bundesbank has taken an important step in setting out its proposals; and the West German Government will be conscious of the risk to D-Mark stability if the central bank is seen to be overridden. But the East German state bank is still holding out for one-for-one conversion, and the Bonn cabinet seems divided.

It is not yet clear how much the West German taxpayer will have to pay for all this: but the nearer the conversion rate to parity, the higher the cost. And while parity would be a splendid deal for East German savers and consumers, it is not obvious how East German industry is to pay its wage bills, support its debt or export its products.

In the midst of all this, Mr Major's luck seems to be holding. Despite the dramatic TV coverage of Trafalgar Square, sterling spent most of yesterday recovering the ground it initially lost. With so much else going on in the world, mounting a run on sterling would probably be just too complicated.



Lucas Industries

It is understandable that Lucas feels unloved by the stock market, when at their close of 617p last night its shares are rated at only a smidgeon above seven times this year's earnings. The attractions of its chosen means for regaining investors' affections, a free hand-out of warrants exercisable at 720p, are less clear.

Certainly, if the behaviour of the warrants in the market mirrors that of free warrants distributed recently by BTR and Ibstock Johnsen, then Lucas's shareholders could see some striking short-term capital gains from the instrument, albeit with greater volatility than in the ordinary shares. Nor is it likely that at the earliest exercise date, June 1993, Lucas's ordinary shares would be below the exercise price. Assuming a constant p/e, Lucas need only grow its earnings 5.5 per cent per annum for its shares to reach that level. The caveat is that via its free warrants, Lucas is making a deferred rights issue worth maybe £120m-odd in three years' time.

Not that this is necessarily wrong. It has the merit of avoiding underwriting fees: when discounted at 13 per cent, £120m is a less imposing £83m: and Lucas only plans one such issue, rather than BTR's annual event. The danger is that shareholders will see the warrants as a free gift, forgetting that when asked to approve the distribution at May 24's EGM, they will have an even foggier idea than normal about how the new equity will be used. Lucas should be as candid as BTR, which calls its yearly warrant distributions a rolling rights issue.

Inchcape

The 6 per cent decline in Inchcape's share price was partly due to profits being at the lower end of expectations. But more surprising was the fact that, after stripping out the £15m of currency gains and the £11m of extra property profit, there was scarcely any increase in group profits at all. With ten separate business areas it is inevitable that one or two of Inchcape's operations will suffer in any given year: this time, it was inspection and testing services and the UK retail motor outlets.

Motor dealing has long been the dominant element of Inchcape's profits. The deal with Toyota, under which the Japanese group has taken a 4.7 per cent stake, has only emphasised the skew of the group's operations. In total, the marketing and distribution division (which sells wines, spirits and photocopiers as well as cars) contributes 76 per cent of operating profits. The rest of the group, which includes commodity businesses and shipping, makes little strategic sense – although the company has done a good job in improving its insurance broker, judging by its 83 per cent increase in profits.

Although there were some cautious notes in the chairman's statement, the outlook is reasonably healthy for this year. The £110m received from Toyota should bring down the interest charge by £11m-£12m and some recovery from Mann Egerton and from the testing services division should help the pre-tax figure reach £200m. But without a more radical refocusing, it is hard to see the prospective rating of 8.5 being improved.

ANZ/NM

It is possible to be mistaken from half way across the world, but something looks not quite right about the merger of ANZ Bank with National Mutual, Australia's second largest life insurer. This is a radical departure: not only perhaps the world's first genuine merger between a large bank and a large insurer, but one of the first demutualisations of a large life assurance institution, in this case with 25 per cent of its domestic market.

It is far from satisfactory that NM's policyholders have only eight weeks to decide on such a far-reaching transaction. It is equally odd that the figures both sides have given, particularly the $A3.4bn payment from ANZ into NM's life funds, are being presented on a take-it-or-leave basis. In any case, people buy life assurance to protect themselves and their dependants, not to finance the international expansion of banks. One hopes there will be the sort of debate in Australia about this that there would be if Halifax and Standard Life proposed the same thing.

Airlines try to rescue joint venture

By Paul Abrahams and Charles Leadbeater in London

SIR Colin Marshall, chief executive of British Airways, will today meet executives from KLM Royal Dutch Airlines and Sabena, the Belgian carrier, in an attempt to rescue their plans to set up a joint company.

The plans, which came under fire from a number of smaller European airlines, were thrown into doubt when the British Government referred the deal to the Monopolies and Mergers Commission.

British Airways believes that if it had to pull out of the plan to create a European hub at Brussels airport, the two other airlines would press ahead with the project, possibly with a US partner.

Sir Colin and Lord King, BA's chairman, are particularly worried that the collapse of the deal could open the way for American Airlines, the biggest US operator, to establish a significant foothold in the European market. American has already declared its intention to build up its position in the European market.

Lord King said: "All my foreign competitors have the support of their governments. We need to have the support of government to develop, as does any business."

The collapse of the venture would be a severe blow to BA's ambitions to expand within Europe, coming in the wake of the demise last year of its deal with United Airlines the US operator. BA executives stressed that despite the difficulties they expected the partners would remain involved in the project regardless of the delay created by the monopolies referral.

Sir Colin will be explaining to the two continental European carriers why Mr Nicholas Ridley, Trade and Industry Secretary, last week decided to refer the UK side of the deal to the Monopolies Commission.

BA estimates the referral to the Commission could delay the deal, which has been under discussion for 18 months, for at least three months. Sir Colin and Lord King have not attempted to hide their anger at the referral of the venture as it is already being studied by the European Commission's competition directorate.

Under the deal BA and KLM would each acquire 20 per cent of a joint company, Sabena World Airlines. The remaining 60 per cent would be owned by Sabena.

The joint airline would feed passengers to Brussels to be picked up by long-haul carriers.

Lord King, describing the Government's decision as a puzzle, said it would send the wrong signal to British companies keen to expand within Europe.

Lord King said: "It seems ridiculous that we can own 15 per cent of a US airline, but are not allowed to acquire 20 per cent of an airline in Europe, where we are supposed to be at home. If the deal fails, there is a real danger that Britain will be left on the periphery of Europe."

Australian bank merger announced

Continued from Page 1

now mandatory in Australia. The emphasis in personal savings was moving away from traditional bank deposits, Mr Bailey said. ANZ is also active in merchant banking, partly through the UK-based Grindlays.

As part of the deal, ANZ will acquire National Mutual Royal Bank for about A$400m, by purchasing the 50 per cent share of Royal Bank of Canada. National Mutual Royal has one of the largest retail networks outside the four large Australian trading banks, with 130 branches in the biggest state, New South Wales, where ANZ is weakest.

Mr Mayer said National Mutual policyholders would derive benefits from increased operating efficiencies and an expanded capital base. About A$1bn would immediately be set aside for policyholder benefits, of which A$510m would come from the ANZ injection. ANZ shares fell 14 cents in heavy trading yesterday to A$5.22. The deal would also merge the two organisations' fund management arms, pooling A$39bn in funds, according to Mr Mayer.

The transaction provides for National Mutual to issue shares for the first time in its 121-year history. But ANZ with its 51 per cent will be sole shareholder, in a separate class from policyholders whose investments notionally account for the remainder.

De Klerk announces measures to combat township violence

By Patti Waldmeir in Pietermaritzburg

TOUGH measures to combat violence in South Africa's black townships and homelands were announced yesterday by President F.W. de Klerk, who also warned that more people might be detained under the country's harsh security laws.

Addressing a special joint sitting of parliament in Cape Town, Mr de Klerk said more troops had already been sent into warring townships in Natal, where more than 70 people are believed to have died in the last week in battles between rival black factions.

Heavily armed troops were in evidence yesterday when Mr Nelson Mandela, deputy president of the African National Congress (ANC), toured townships near the Natal provincial capital of Pietermaritzburg, but this did not stop opponents of the ANC firing a number of shots at his motorcade.

Mr de Klerk also announced a conciliatory step aimed at smoothing the way for talks with the ANC when he said legislation would be introduced for a partial amnesty for former ANC guerrillas. Provisions for a permanent amnesty may also be introduced. He confirmed that he would be meeting Mr Mandela on Thursday.

Mr de Klerk told parliament there would be a "greater visible security presence" in other areas of the country as well, involving roadblocks and

De Klerk: tougher measures

patrols in black townships. Troops and police had been given orders to act "firmly and purposefully without delay to bring the incidence of unrest and violence throughout South Africa under control," he said.

In the two months since Mr de Klerk announced important political reforms including the legalising of the ANC, violence has intensified sharply throughout the country, hardening white resistance to political liberalisation.

Yesterday's measures will go some way to calming white fears, but may exacerbate tensions with the ANC, which last weekend postponed its first ever formal talks with Government in protest at security force action.

In a first reaction last night from the United Democratic Front (UDF), an ANC affiliate, the group's southern Transvaal branch said the measures meant that the Government was moving away from creating "a climate conducive to negotiations."

Removal of troops from the townships has long been sought by the ANC as a precondition to the beginning of constitutional talks with Pretoria. However in Natal, local ANC supporters have been almost unanimous in calling for more rather than fewer troops as the local police are seen as biased in favour of the ANC's opponents, the Zulu Inkatha movement headed by Chief Mangosuthu Buthelezi.

Mr de Klerk's warning that "everyone must understand that these decisions can lead to a rise in the number of people held in detention," is likely to be regarded as ominous by anti-apartheid activists. Pretoria detained some 30,000 people during its last crackdown, between 1986 and 1989.

However, the political climate has shifted radically since then and such large-scale detentions seem unlikely. ANC officials concede privately that they are concerned by the violence in black townships, and unable to contain it themselves, but the ability of South Africa's police force to control protests without excessive force is doubtful.

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	17	63	Dallas †	C	15	59	Madeira	F	19	66	Prague	S	18	64
Algiers	T	18	64	Dublin	R	8	46	Madrid	C	10	50	Reykjavik	S	-4	25
Amsterdam	C	17	63	Dubrovnik	S	18	64	Majorca	C	15	59	Rhodes	S	20	68
Athens	S	22	72	Edinburgh	F	10	50	Malaga	F	19	66	Rio d'Janeiro		–	–
Bahrain	F	26	79	Faro	F	18	64	Malta	C	17	63	Rome	C	17	63
Barcelona	R	11	52	Florence	F	19	66	Manchester	C	8	46	Salzburg	S	21	70
Belfast	C	6	43	Frankfurt	S	17	63	Melbourne	C	16	61	S'Francisco †	F	8	46
Belgrade	S	23	73	Geneva	S	17	63	Mexico City		–	–	Santiago		–	–
Berlin	S	19	66	Gibraltar	R	18	64	Miami †	S	22	72	Seoul	F	18	64
Biarritz	F	20	68	Glasgow	F	8	46	Milan	C	16	61	Singapore	T	29	84
Birmingham	R	13	55	Guernsey	F	15	59	Montreal †	R	3	37	Stockholm	Dr	4	33
Blackpool	C	9	48	Helsinki	C	5	41	Moscow	Sn	2	36	Strasbourg	S	18	64
Bombay	S	31	88	Hong Kong	C	27	81	Munich	S	18	64	Sydney	F	23	73
Bordeaux	F	20	68	Innsbruck	S	18	64	Nairobi		–	–	Tangier	F	17	63
Boulogne	R	13	55	Inverness	C	7	45	Naples	S	18	64	Tel Aviv	C	10	50
Bristol	C	11	52	Isle of Man	C	10	50	Nassau		–	–	Tenerife	S	20	68
Brussels	S	18	64	Istanbul	S	13	55	Newcastle	C	10	50	Tokyo	S	18	64
Buenos Aires		–	–	Jersey	S	16	61	New Delhi	S	26	79	Toronto †	Dr	4	39
Budapest	S	21	70	Johannesburg	R	17	63	New York †	C	7	45	Tunis	C	19	66
Cairo	F	18	64	Las Palmas	C	20	68	Nice	F	17	63	Valencia	S	18	64
Cape Town	S	25	77	Leeds	R	10	50	Nicosia	F	15	59	Venice	S	17	63
Cardiff	C	10	50	Lisbon	F	15	59	Oporto	R	11	52	Vienna	S	21	70
Chicago †	C	4	39	Locarno	R	11	52	Oslo	R	5	41	Warsaw	S	20	68
Cologne	S	21	70	London	F	13	55	Paris	C	17	63	Washington †	Dr	11	52
Copenhagen	S	14	57	Los Angeles †	C	13	55	Peking		–	–	Wellington	C	19	66
Corfu	S	21	70	Luxembourg	S	16	61	Perth	C	24	75	Zurich	S	17	63

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

Phone users overcharged

Continued from Page 1

cations, estimates that the world's telephone users will make 30bn minutes of international phone calls this year, generating $30bn in revenue and $20bn in profits for the phone companies a year.

Both AT&T and BT admitted that their international operations were profitable but argued that they were already facing competition in the international arena. The Bundespost said that if international rates were cut local call charges would have to increase.

Most governments have granted their phone companies a monopoly on handling international calls. This means they cannot compete with one another but have to co-operate in order to handle international traffic.

International cables and satellites are generally owned on a co-operative basis by members of the cartel.

The CCITT also recomends that international private circuits should not be allowed to carry public traffic which prevents private companies undercutting the cartel.

And in the US and the UK, where the monopoly on international services has been broken, the impact on prices has been modest.

Most governments have turned a blind eye to the cartel because the excessive profits on international calls are often used to subsidise other services.

FINANCIAL TIMES
COMPANIES & MARKETS
Tuesday April 3 1990

INSIDE

Where bankers fear to tread

The first quarter's lending league table is out, and yet again, Citibank tops the list. But it is the sharp fall-off in syndicated loan volume that is the table's most compelling aspect. Bankers point to an increasing reluctance among their counterparts to participate in highly-leveraged transactions following the collapse of Drexel Burnham Lambert. Norma Cohen reports. Page 26

Storms loom on corporate map

It is not likely to be a promising season for shareholder meetings in the UK. Thunderclouds are threatening at more than one and even BAT Industries, the tobacco-based conglomerate, may not get through the formalities of a demerger of its catalogue retailing subsidiary without the odd intervention. Nikki Tait examines prospects at Era, the retailer whose egm may hold lessons for the UK corporate scene. Page 30

UK farmers reap small return

British farmers are disappointed that the new farm prices for 1990-91 being discussed just before EC agriculture ministers abandoned their negotiations last week were not accepted. As a package they amounted to the best proposals for the UK that had been seen for several years, says David Richardson. Page 32

What to call the new baby...

Mitsui Bank and Taiyo Kobe Bank, two of Japan's leading commercial banking groups, have come together to create the world's second-largest bank. Everything about the union has been fraught with difficulty — not least the name of the new institution. Stefan Wagstyl and Michiyo Nakamoto examine the difficult task of bringing the two organisations together. Page 25

Turning a paper profit

There were few illusions about Roland Franklin's (left) motives in masterminding the controversial takeover of DRG. It was money, pure and simple — although he also claimed that everybody would benefit from the "unravelling" of the Bristol-based paper and packaging group. Now the dismemberment of DRG has begun in earnest, and Mr Franklin's philosophy is being put to the test. Vanessa Houlder reports. Page 31

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Falls			
Aachener Muench	740	−	35
Daimler-Benz	922	−	25
Dresdner Bank	428.5	−	11.5
Leifheit	655	−	14.5
Mannesmann	397	−	10.5
Veba	460.5	−	10

NEW YORK ($)

Rises			
UAL	161	+	½
New Line Cinema	12	+	1⅛
Falls			
American Gen	36½	−	1⅛
Fleet/Norstar	21½	−	⅜
IBM	105⅝	−	⅞
Torchmark	45⅛	−	⅞

New York prices at 12.30.

PARIS (FFr)

Rises			
Gr Cite	781	+	19.4
Instal	328.9	+	7.1
Imm Phenix	90.6	+	5.4
Falls			
Euromarche	3611	−	241
Ingenico	141.5	−	11.1
Sodi	31.1	−	2.1

TOKYO (Yen)

Rises			
Katakura Inds	5500	+	500
Takashimaya	3060	+	110
Falls			
Eighteenth Bk	1000	−	200
Fuji Fire & M	910	−	190
Fuji Oil	1010	−	190
Sanyo Chem	1350	−	260

LONDON (Pence)

Rises			
Cadbury Schw	319	+	5
Carlton Comm	551	+	7
Forward Grp	44	+	6
Lon & Edin Tst	217	+	42
Reckitt&Colman	1130	+	12
Falls			
Barclays	579	−	8
BP	323½	−	5
Brit Telecom	271	−	9
Coloroll	15½	−	7
Comm Union	450	−	8½
Fed Housing	35	−	6
Fleming Jap	207	−	13½
Hambros	284	−	6
Inchcape	285	−	15
J'son Matthey	275	−	11
Midsummer Leis	147	−	12
NatWest Bank	345	−	7
Pearson	678	−	17
Sainsbury (J)	248	−	8
Water Pk Uts(£)	1515	−	23

Uddeholm in alliance with Voest Alpine

By John Burton in Stockholm

UDDEHOLM, the Swedish steel company, and Böhler, a subsidiary of Austria's state-run Voest Alpine Stahl steel group, yesterday announced a SKr300m ($48.5m) cross-ownership deal to create the world's biggest supplier of tool steel. The "strategic alliance" between the two steel producers will concentrate on marketing, distribution and product development. Tool steel is used in the manufacture of production machinery such as dyes for forming and pressing metals and plastics.

Uddeholm will buy Böhler's sales offices in the US, Japan and Australia and take a 25.1 per cent stake in the Austrian company's remaining marketing operations, covering Europe, Asia and Latin America. Uddeholm also has an option to acquire equity in Böhler's production unit.

Böhler will receive as payment a 25.1 per cent equity stake and 13 per cent of the votes in Uddeholm. Executives of the two companies will serve on each other's boards. Böhler, which employs 8,500, last year reported a pre-tax profit of Sch600m ($50m) on sales of Sch15bn, after several years of losses and restructuring activity. Uddeholm, which has a workforce of 3,700, recorded in 1989 a doubled pre-tax profit of SKr242m on sales of SKr5bn.

The deal is a result of a decision by the Austrian Government to partly privatise, through a bourse introduction, the state holding company Austrian Industries, which includes Voest Alpine. Uddeholm will also be listed on the Vienna Stock Exchange.

Mr Per-Olov Norberg, Uddeholm's president and principal shareholder, said that profitability would be improved through the consolidation of the companies' stockpiles around the world and the avoidance of duplication in research and development.

SKB sells three UK brands to US group

By David Owen in London

SMITHKLINE Beecham, the Anglo-American drugs and consumer goods company, yesterday sold Ambrosia, Marmite and Bovril — the venerable British nutritional brands — to CPC International of the US for £157m ($259m) in cash.

The deal, coming 10 weeks after the brands were put on the market, is in keeping with the stated strategies of both groups. The price was at the top end of analysts' expectations.

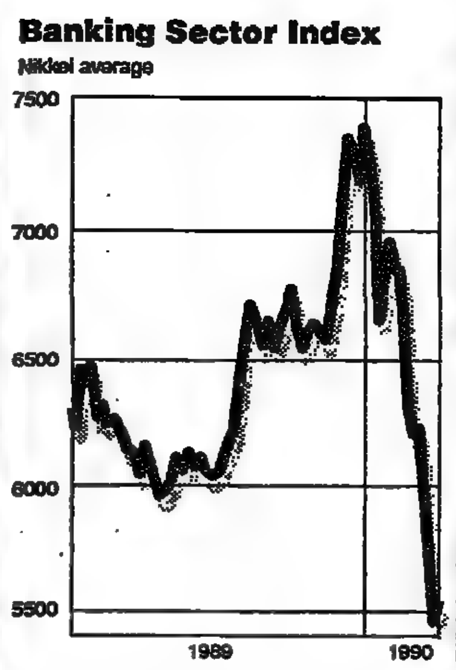
SKB, formed last summer through a merger between SmithKline Beckman of the US and Britain's Beecham, has been rationalising its consumer brands businesses as part of a strategic refocusing. Its cosmetics division has been on the block since the merger. The group said yesterday it was "encouraged" by the progress of discussions which are continuing.

New Jersey-based CPC has been gradually de-emphasising its once-dominant maize refining activities in favour of branded foods for several years. Three years ago, the group sold its European maize processing business to Mr Raul Gardini's Ferruzzi for more than $600m. Foods now account for 80 per cent of its $5.1bn global turnover, with European sales marginally outstripping those in North America. Last August, the group bought the Canadian Bovril business from Beecham Canada.

A "pretty-excited" Mr Peter Phillips, managing director of CPC (UK), the Esher-based subsidiary that will assume responsibility for administration, marketing and sales of the three brands, said the group had been "very keen" on the acquisition from the moment the sale was announced.

"We were interested in the whole thing which is a very good fit," he said. "We thought our competitors would be more interested in one part than the other." SKB received inquiries from more than 50 parties.

CPC will continue to operate the Devon and Staffordshire plants that produce the three brands. The group's other product lines include: Hellmann's mayonnaise, Knorr soups, Frank Cooper marmalades and Brown & Polson desserts. Ambrosia, Bovril and Marmite have combined annual sales of some £89m of which about 60 per cent is accounted for by Ambrosia.



Japan's banks start to feel the squeeze

Turmoil in Tokyo's financial markets looks set to end the banking sector's rapid expansion, reports Stefan Wagstyl

THE recent rapid expansion of Japanese banks could be brought to an abrupt end by the crisis in the Tokyo financial markets.

The plunge in Japanese equities and bonds since the beginning of the year, combined with the sharp drop in the international value of the yen, will make it more difficult for banks to comply with tough, new international rules on balance sheet strength. Meanwhile, rising interest rates are already eating into trading profits, while a weak stock market will make it more difficult in future to boost operating profits by selling securities.

To make matters worse, there are fears that the collapse in equities might pull down land prices, with disastrous consequences for individuals and companies which funded their purchases with borrowed money. Big banks can almost certainly cope with the strain — but some smaller institutions may face financial difficulties. One senior Japanese banker said yesterday: "I am worried about some small- and medium-sized lenders. I am worried about the value of their collateral."

The chief concern for big banks is meeting the new standards on capital adequacy established by the Bank for International Settlements (BIS). These come into effect in March 1993. Last year, most leading banks had already met the requirements, including the largest, Dai-Ichi Kangyo Bank (DKB). However, yesterday Mr Tokio Inoue, a director and general manager of DKB, said: "Now we are right on the edge ... We should restructure (the balance sheet) but we don't know how. The problem is that we don't know how far the stock market will fall. In Japanese, we call it a bottomless slump."

It is not uncommon for Japanese bankers to exaggerate their concerns. When the BIS rules were first made known in 1987, banks were gloomy about their prospects. In practice, they have continued to expand their loan books almost as fast as before, especially overseas.

However, this time it could be different: investors certainly think so, given the way they have marked down the value of bank shares. Since the start of 1990, the Nikkei index of leading stocks has fallen almost 30 per cent. DKB and Sumitomo Bank are down 37 per cent and the Industrial Bank of Japan has declined 48 per cent.

Under the BIS rules, by the end of March 1993, the ratio of capital to assets must be 8 per cent or more. If the ratio is too low, banks can either cut their assets or increase their capital, or both.

Since 1987, Japanese banks have concentrated on taking advantage of the buoyant stock market to raise a total of Y12,500bn ($80bn) in new capital. As a result, while US and European banks slowed down, Japanese banks continued to expand their loan books — by 15-20 per cent a year, with increases of 30 per cent and more in overseas markets. Japanese banks eagerly snapped up businesses which their rivals were forced to sell — including DKB's purchase last year of a controlling stake in CIT Group, a US leasing company, for $1.3bn from Manufacturers Hanover.

The stock market slump means that banks can no longer issue paper so easily. To compound the difficulty, it may also undermine the value of Japanese banks' existing capital. This is because Japanese banks are allowed to count as capital 45 per cent of the value of the unrealised gains on their huge securities holdings. With the stock market falling, these gains are shrinking fast.

The decline may not yet have had a direct effect on all banks' capital bases, because under BIS rules, the banks can only count as capital those hidden gains amounting to no more than the value of shareholders' funds.

Nevertheless, every percentage point decline in the Nikkei brings banks closer to the danger zone. Even at DKB, which has large securities holdings, Mr Inoue sits on a committee which meets daily to monitor the bank's position. He watches the foreign exchange market equally closely. The sharp rise in the US dollar has boosted the yen value of Japanese banks' foreign assets, which account for 30-40 per cent of total assets for leading banks.

The banks will doubtless try to tap the stock market as soon as they can to make good the shortfall. Some are also pressing the Japanese Ministry of Finance to allow them to widen the range of instruments they can issue to include subordinated debt, which is extensively used by western banks. In Japan the right to issue debentures is restricted to long-term credit banks. City (commercial) banks want the rules changed. But they fear that long-term credit banks may demand other privileges in return. The argument is unlikely to be settled quickly.

If banks cannot raise new capital, the only answer will be to curb asset growth, particularly overseas, where the value of loans is exposed to the vagaries of currency movements. Mr Reese Harasawa, chief financial officer in the corporate planning department of Mitsubishi Bank, says: "Certainly Japanese banks' growth will slow. The markets have put a lid on growth."

The extent of any slowdown will vary from bank to bank. The best-capitalised banks include Sumitomo Bank, which raised Y320bn as recently as January. Sanwa Bank, which pulled in Y350bn in new capital last October, is also well placed as is Mitsubishi Bank, which had the highest capital ratio last year when the leading banks posted interim figures for the six months to the end of September.

Banks were hoping to boost capital by improving profitability. But the rise in interest rates, which helped to trigger the stock market crisis, has trimmed operating profits severely. "Underlying operating profits will not improve until interest rates begin to decline," says Mr Stuart Matthews, an analyst at BZW, the securities arm of Barclays Bank, in Tokyo.

At the same time, the weakness of the stock market makes it harder to boost operating results with profits on selling securities. These can be huge — for the six months to the end of September, the non-operating profits of Mitsui Bank at Y54bn was more than three times bigger than its operating profit of Y15.4bn. Even for Sumitomo, the most profitable bank, non-operating profits were 24 per cent of the total outcome.

Even before the stock market started plunging and the latest increases in interest rates, pre-tax profits for the year to the end of March were expected to be well down — by 15 per cent or so. Now forecast declines run up to 25 per cent, with little hope of a recovery in 1990-91.

But if the decline in stocks spreads to property, the outlook will get worse as big loans begin to go bad. There is anecdotal evidence about land prices beginning to decline, but no figures.

The conventional wisdom is that Japanese land prices do not suffer sustained falls because Japan is a small country with 120m inhabitants. Property developers will not have to wait long to see if this argument is anything more than a dangerous delusion. Nor will their bankers.
Markets, Back Page

Columbia S&L insolvent after losses on junk bond holdings

By Janet Bush in New York

TWO of Drexel Burnham Lambert's once-favourite customers for high-yield bonds have revealed how deep their financial troubles are because of losses on their junk bond holdings.

Columbia Savings & Loan Association, based in San Francisco, said late on Sunday it was insolvent, making it likely that federal regulators will take over the thrift.

It disclosed a loss of $379m or $19.17 a share in the fourth quarter of 1989, largely related to junk bond-related loss provisions and writedowns of about $470m in the quarter.

Columbia added that it had sustained losses of about $200m in the first two months of this year because of deeper discounts on its vast holdings of junk bonds. As of February 28, it said it had a $121m shortfall on shareholder equity, compared with equity of $77.6m three months earlier.

If Columbia, which has assets of $9.25bn, were to fail, the Government would become the largest US holder of junk bonds, with a portfolio of more than $8bn.

First Executive, the Los Angeles-based insurance company, announced a net loss in 1989 of $835.7m, compared with net income of $48.2m in the previous year.

First Executive was, like Columbia, an enthusiastic member of the high-yield buying network set up by Mr Michael Milken, former head of junk bonds at Drexel.

The insurer said yesterday that the losses were the result of a $859m charge against earnings related to a decline in the value of its investment portfolio.

In January, First Executive had estimated it would take a charge against earnings of $515m. Mr Fred Carr, chairman and chief executive, said yesterday, however, that the charge was increased because of further turmoil in the junk bond market during the first quarter.

First Executive said in a statement yesterday that its realised loss on investments was $1.06bn in 1989, against a $12.12m gain in 1988.

At the end of last year, its portfolio was $1.1bn below book value and shareholder equity had fallen to $1.01bn at the end of 1989 from $1.41bn at the end of the previous year.

Mr Carr said yesterday that a wave of redemptions by annuity policy holders in reaction to January's initial news of a charge against earnings had slowed down, but he acknowledged that yesterday's news of more troubles could reverse this trend.

California's Department of Insurance installed full-time examiners in the insurance company in early March to monitor a substantial surge in policy redemptions.

Lucas lifts interim profits 11%

By Jane Fuller in London

LUCAS Industries shrugged off a 29 per cent fall in UK automotive profits and, with aerospace operations performing particularly strongly, lifted its interim pre-tax result by 11 per cent to £80.1m ($131m).

Alongside figures for the six months to January 31, the group announced it would be splitting each £1 ordinary share into four and would make a free issue of warrants, on a proportion of one for every 10 shares.

Shareholders will be able to sell the warrants or, if they keep them until June 1993, subscribe for ordinary shares at a price of 180p each (equivalent to 720p before the split).

The opportunity to exercise the warrants will last until June 1995. The group's shares fell 4p to 617p yesterday.

Turnover for the first half of the year advanced by 14 per cent to £1.18bn with the strongest performance coming from the aerospace division, which increased operating profit by 79 per cent. Aerospace sales increased by 32 per cent to £339m.

The automotive division accounted for almost 59 per cent — or £692.2m — of group sales and 54 per cent — or £48m — of operating profit. This latter figure was more than £3m down on the corresponding period last year.

The UK automotive profit contribution fell from £27.2m to £19.4m.

Mr Bob Dale, divisional head, blamed falling demand in the after market for car equipment and in commercial vehicle business. The difficulties had been compounded by the costs of reorganisation, including redundancies.

Over the next year or so, he estimated that the 20,000 workforce would fall by another 3,000.

Mr Tony Gill, chairman, stressed that dependency on the automotive division and on the UK was falling.

The aerospace division had increased its share of sales from 25 to 29 per cent. Acquisitions abroad had helped sales outside the UK to rise to more than 75 per cent.

Substantial growth in aerospace, Page 28; Lex, Page 20

INTERNATIONAL COMPANIES AND FINANCE

Torchmark steps up proxy fight for American General

By Roderick Oram in New York

TORCHMARK shelved its $6.4bn bid for American General yesterday while stepping up its proxy fight, a tactical move which may help its attempts to take over the larger insurance company.

It nominated five candidates for election to American General's 15-member board at the company's May 2 annual meeting. Six seats are up for election.

If chosen, Torchmark said, the new directors would evaluate the best takeover offer for American General, if they decided such a move was in shareholders' interests.

Mr Jon Rotenstreich, Torchmark's president, said: "Shareholders will have a chance to express their opinion" through the proxy fight. If they elect directors willing to consider bids "we stand ready, willing and able to put a proposal on the table."

American General rejected the nominations, saying they had been received past the deadline. It will "vigorously pursue" the lawsuit it filed last week seeking to block Torchmark from soliciting proxies.

Mr Rotenstreich said Torchmark had no option but to pursue a proxy fight as American General had rejected its offer out-of-hand and refused to negotiate.

Analysts said that pursuing a hostile bid would have proved time consuming and perhaps ultimately futile for Torchmark because of resistance from state insurance regulators to such tactics.

They pointed out the difficulty Sir James Goldsmith, the British financier, is having winning approval for his proposed break-up of BAT of the UK and the sale of its Farmers Group insurance subsidiary.

If Torchmark can get its slate elected, its offer would become a friendly one. But first it will have to win key court battles on the validity of its proxy fight.

Torchmark owns less than 300,000 American General shares, or less than 0.25 per cent of those outstanding. Some 250 institutional shareholders control about 68 per cent of American General's stock. Those who also hold Torchmark shares would be inclined to support Torchmark as its profits and share price have outperformed American General's.

Torchmark's nominees are independent of the company although known to its executives through various connections. Mr David Finley, for example, is a former treasurer of International Business Machines and a former colleague there of Mr Rotenstreich.

US waste disposal groups in $500m deal

By Martin Dickson in New York,

WASTE Management, the largest US waste disposal group, yesterday unveiled a $500m deal to increase from 22 to 55 per cent its stake in Wheelabrator Technologies, which specialises in transforming waste into energy.

Under an agreement approved by directors of both companies, investors would exchange each of their Wheelabrator shares for 0.469 of a share in Waste Management and 0.574 of a share in Wheelabrator.

In trading yesterday Wheelabrator shares rose $1½ to $35, while Waste Management dropped $¼ to $33⅞. Waste Management, which is highly regarded on Wall Street, has a share of about 15 per cent in the US solid waste market and recently recorded a 21 per cent rise in net 1989 income to $562m.

It said that taking a majority stake in Wheelabrator would strengthen and complement its environmental and construction abilities and allow it to provide a balance of waste reduction, waste-to-energy and recycling services.

Wheelabrator had 1989 net profits of $58.5m.

Parretti case 'will not affect bid'

By Alan Friedman in New York

THE $1.26bn tender offer by Pathé Communications for MGM/UA, the Hollywood film and television studio, will not be affected by the conviction in Naples last week of Mr Giancarlo Parretti, the Pathé chief who was sentenced to jail by a Naples court, according to Pathé.

Mr Florio Fiorini, Mr Parretti's business partner and the chairman of Pathé, insisted yesterday the sentence was being appealed and was therefore "without effect."

The appeal process could take several months or even years. Mr Fiorini also said Pathé would, on April 9, make a second $50m escrow payment of its MGM security deposit. The first non-refundable $50m deposit was made on March 9.

On Wall Street analysts were wondering yesterday if Mr Parretti's legal troubles in Italy – which relate to charges of fraudulent bankruptcy in connection with the collapse in 1981 of a Naples newspaper partly owned by Mr Parretti – would affect the MGM takeover plan.

Time Warner, the media and entertainment conglomerate which has been negotiating to obtain exclusive distribution rights to the MGM/UA film library, is examining the situation.

Time Warner's board had been expected to meet later this week to consider a deal that would secure rights to the MGM/UA library for more than $400m. But the likely deal, even though it would probably help Pathé to secure bank finance in the form of bridge loans, would be conditional on Pathé achieving control of MGM/UA.

Mr Fiorini claimed the MGM/UA tender would not be affected as Pathé had already disclosed Mr Parretti's legal troubles in filings with the Securities and Exchange Commission. He said the Naples sentence was issued by a judge and that the appeal would eventually be heard by a jury.

Revised plan for Southmark reorganisation

SOUTHMARK Corporation, the troubled Dallas-based real estate group, has revised its controversial reorganisation proposals, prompting its unsecured creditors to drop legal moves for the implementation of a rival plan, writes Martin Dickson in New York.

Southmark, which filed under Chapter 11 of the US bankruptcy code last July, first produced a reorganisation plan in January, but creditors threatened to oppose it and seek total liquidation of the group. The new proposal is similar to the January plan, but restructures some securities and would speed up cash payments to creditors.

Senior creditors would receive up to $75m in cash when the reorganisation is effected. Southmark would still retain control of the troubled Houston-based San Jacinto Savings Association.

Molson to modernise chemicals unit

By Robert Gibbens in Montreal

MOLSON, Canada's largest brewer, plans to modernise Diversey Corporation, its international special chemicals subsidiary, to make it more profitable.

The group is putting C$90m (US$76.9m) of new capital into modernising Diversey's plant network, resulting in a special C$30m charge in Molson's fiscal year which has just ended.

During the past five years the Canadian group has expanded Diversey's operations in Europe and the US. The offshoot markets more than 3,000 chemical products for commercial and institutional clients in 100 countries.

Diversey's sales in the nine months ended December 31 were C$562m, up 3 per cent, but overall results were depressed by a 4 per cent gain in the Canadian dollar during 1989.

Molson is focusing on its brewery operations in North America and Europe, special chemicals, retailing and sports and entertainment businesses. Analysts expect that when all these elements are performing satisfactorily, the group will attempt a big takeover, possibly in the communications field.

Retailing operations are being concentrated on the 195-store Beaver national building materials and hardware chain.

Venezuelan partner quits GM venture

By Joseph Mann in Caracas

GENERAL MOTORS of the US is to repurchase shares held by private investors in its Venezuelan joint venture vehicle assembly operation.

The Venezuelan partners, Corporacion Metalmen, controlled by the Mendoza group, have tried for several months to sell their shares in the venture following significant financial losses in 1989.

It is unclear what price GM will pay to buy back its shares. In 1988 it received 200m bolivars, then worth about $14m. Some reports say GM will pay the same price – in local currency – to recover the shares.

The Mendoza group and GM set up the joint venture two years ago, with the Venezuelan partners holding 51 per cent and GM the remainder. The new company's assets were made up of GM's auto assembly facilities, Venezuela's largest.

However, due to a severe recession in Venezuela last year motor vehicle sales fell by 79 per cent. In addition to sharply reduced sales, the joint venture had to absorb a foreign exchange loss of $69m associated with letters of credit.

While GM can afford to cover a loss of this magnitude, its Venezuelan partners cannot.

The family of Mr Eugenio Mendoza controls one of the largest economic groups in Venezuela. Aside from its partnership with GM it assembles vehicles for Jeep and has wide-ranging investments in other sectors of industry and commerce.

HK hotel groups lift US profile

By John Elliott in Hong Kong

WORLD International and Wharf (Holdings), the two main Hong Kong quoted companies in Sir Yue-Kong Pao's business empire, are negotiating to expand their North American hotel interests by buying MetHotels, which runs the Doubletree and Compri chains, for an undisclosed sum from Metropolitan Life Insurance of the US.

The deal is expected to be concluded within two months and will bring to 100 the hotels run by World and Wharf, which jointly bought the Omni Hotels chain in North America from Aer Lingus in June 1988.

Mr Peter Woo, who runs World and Wharf, has chosen hotels, particularly in North America, as an area for diversification. Mr Woo, a son-in-law of Sir Y.K., is looking for investment opportunities outside Hong Kong to complement projects in the colony.

Doubletree manages 35 hotels in the west and south-west of the US. Their geographical locations and business clientelle fit in with the Omni chain. MetHotels also manages or franchises 32 mid-range Compri hotels across the US.

There are 39 Omni hotels in North America, including two under development. There are a further four in Hong Kong and Singapore.

Omni's North American and Asian operations are to be merged into Omni Hotels International which is owned by World and Wharf through Carlops Company.

Cameco sells mine stake

By Bernard Simon in Toronto

CANADIAN Mining & Energy Corp, the world's largest uranium producer, is to sell for C$160m (US$136m) a one-third interest in its Rabbit Lake mine in Saskatchewan to West Germany's Uranerz Exploration & Mining.

The sale, expected to be finalised by July, includes a mill, uranium deposits and surrounding exploration properties. Uranerz has a one-third interest in one deposit in the area which, together with an adjoining deposit in which it is now taking a stake, will be developed as an underground mine, known as Eagle Point.

Cameco is selling the interest primarily to reduce long-term debt of about C$515m.

The Rabbit Lake mill has a capacity of 12m lbs of uranium oxide (yellowcake) a year. Uranium reserves on the properties will support mill operations well into the next century.

Asea makes SKr4.3bn bid for Incentive

By John Burton

ASEA, the Swedish partner of the electrical engineering group Asea Brown Boveri (ABB), has made a SKr4.3bn ($704m) bid for the Swedish holding group Incentive as part of a restructuring.

The deal also amounts to a rearrangement of the holdings of the Wallenberg financial dynasty, which has control of both companies.

Asea said its bid for Incentive is part of a plan to split Asea in two, a holding company for Asea's half of ABB and a group to manage the rest of Asea's operations.

"We want to create a stronger industrial leg which is more in balance with our power generation and financial investment activities," said Mr Kjell Hgfelt, Asea president.

The Wallenberg family started Incentive as a development concern and the family now has a 28 per cent voting stake in Incentive and Asea.

The takeover will be conducted in two stages. The Wallenberg investment company Patricia will buy shares held in Incentive by the Lundberg property group, which has 34 per cent of the votes. Asea will make a bid for the remaining equity at SKr267 per share or one Asea B share, plus SKr115 in cash, for every three Incentive shares.

The deal may be part of an attempt by the Wallenbergs to concentrate their holdings in several of their most important companies. This would bolster their defences against corporate raiders once rules on foreign investment in Sweden are relaxed.

Management, Page 11

Valeo to close 15 plants in rationalisation

By George Graham in Paris

VALEO, the French motor components group, is expected to close around 15 plants this year and shed some 3,000 jobs in a far-reaching programme to rationalise its string of new acquisitions.

"We are in a period of consolidation," Mr Noël Goutard, Valeo's chairman, said last week.

Valeo declined yesterday to name the plants destined for closure, because of the need to negotiate the decisions with unions and employees.

First in line, however, are plants outside France belonging to Valeo's biggest recent acquisitions: Blackstone, the US car climate control and air-conditioning specialist for which it paid FFr1.5bn ($264m) last September, and Delanair, a UK company specialising in the same air conditioning and heating sectors, acquired last May.

These two companies' plants in the US, UK and Sweden are expected to be rationalisation targets.

France will not be exempt, however, and the closure of the Marchal works near Cluses is already scheduled for August, with a loss of 170 jobs.

Valeo officials said G. Cartier Systèmes, acquired in 1988, had already been partially rationalised by the sale of its subsidiary Cartier Industrie, specialist in plastic injection and printed circuits, to Cominter, another French components manufacturer.

In common with other motor industry suppliers – Michelin, the tyre company, recently announced a freeze on new investments and reinforced cost and stock controls to cope with an expected downturn – Valeo faces a likely downturn in demand after the buoyant activity of the last few years. The company is to trim some 10 per cent of the workforce, with job cuts expected to affect mostly temporary workers.

Nobel buys consumer arm

NOBEL Industries, the Swedish armaments and chemicals group, has acquired the European skin and hair care operations of Gillette in a $107m deal designed to expand its consumer products, writes John Burton.

The addition of Gillette's European brands, including Silkience hair care products, Aapri skin care items, Antica Erboristeria herbal toiletries in Italy, and La Toja toiletries in Spain, will broaden Nobel Industries' consumer marketing in southern Europe.

Sweden, West Germany and France now account 65 per cent of the sales in the consumer products division, which last year saw a 2 per cent growth in profits to SKr144m ($24m) on a turnover of SKr1.58bn. The division accounts for 7 per cent of Nobel Industries' sales and 11 per cent of its profit.

The acquisition of the Gillette products is expected to increase the division's turnover to SKr2bn this year.

GEC Alsthom in German deal

By Nick Garnett

GEC ALSTHOM, the British-French heavy engineering group, completed the acquisition yesterday of a controlling interest in the gas turbine subsidiary of AEG of West Germany, part of Daimler-Benz.

The European Gas Turbine Company (EVT), GEC Alsthom's gas turbine manufacturing arm in which General Electric of the US has a 10 per cent stake, has bought 55 per cent of AEG Kanis Energie.

EVT declined to give details of yesterday's deal which will allow it to acquire eventually the whole of Kanis Energie.

Kanis, which is having a factory built in Essen, had sales last year of FFr600m ($104m). It makes heavy duty gas turbines based on GE designs. GEC Alsthom said the purchase would give it greater opportunities for selling gas turbines in eastern Europe.

NEWS IN BRIEF

Schering raises cash dividend

SCHERING, the West German chemicals group, said it has boosted its cash dividend for 1989 by DM1 to DM13 a share. The rise is the first since 1984, Reuter reports. As it did in 1988, Schering also declared a 5 per cent stock dividend.

Schering has published 1989 group net profit figures which show an upward revision from those made public in early February. Worldwide group net rose 43.3 per cent last year, according to the new figures, to DM225m ($133.1m) from DM157m in 1988.

■ Thyssen, one of the EC's biggest steel producers, has received the go-ahead from the European Community's executive commission to acquire the formerly privately owned West German engineering firm Otto Wolff.

The commission said it found the takeover did not contravene EC competition rules. Thyssen makes, processes and distributes steel products. Otto Wolff is active in the same field, although on a smaller scale.

The commission estimated that Thyssen's share of steel trading in the community would increase by between 0.5 per cent and 1 per cent after the link-up.

■ Oriental, the Malaysian industrial group and Honda distributor, has proposed a bonus issue of one share for every five held after it reported a 116 per cent jump in 1989 pre-tax profit to M$123m ($46m), writes Lim Siong Hoon in Kuala Lumpur.

There were improved sales at home and in Singapore of its Honda motorcycles and cars. This helped lift turnover by 46 per cent, from M$569m in 1988 to M$831m in 1989. Manufacturing, property and hotels account for other businesses in the group.

Profit after tax and minority interest doubled to M$76m or earnings of 75.8 sen a share compared with 35.8 sen previously.

The group recommended a gross final dividend of 10 per cent; this year's total gross dividend is expected to be 20 per cent, the same as last year.

Insurers meet at the Euro-altar

Tim Dickson explains the Amev/Groupe AG cross-border marriage

With memories of the ill-fated Belgo-Dutch marriage between Générale de Banque and Amsterdam-Rotterdam Bank (Amro) still fresh in the mind, it is perhaps auspicious that Groupe AG of Belgium and Amev of The Netherlands were five minutes late starting their two-way teleconference yesterday in Brussels and Utrecht.

Like all good brides the two insurance companies also seem to have done their homework. The reference to "several months of preparatory studies" in a joint press communiqué is in marked contrast to the hasty engagement plan announced by Amro and Générale at the height of the 1988 takeover battle for Société Générale de Belgique (La Générale), the Belgian holding company.

The Amev/AG tie up nevertheless begs several questions about the thinking behind what Mr Hans Bartelds, Amev's chairman, claims is "the first full cross-border merger within the European Community in the field of insurance, banking and other services."

Exactly what benefits will the two groups enjoy? How easy will it be to manage integration with the two companies intending to retain independence and current shareholding structures? What implications are there for AG's biggest shareholder La Générale, whose owner Compagnie Financière de Suez is already building its own trans-European insurance empire in the form of France's Groupe Victoire and West Germany's Colonia?

Maurice Lippens (left) and Hans Bartelds: careful merger

La Générale, which has a 19.9 per cent stake in AG, seemed enthusiastic about the deal yesterday, though some analysts see in the merger plans the independent streak of Mr Maurice Lippens, AG's chairman.

A key player in the La Générale affair when he helped rally the Franc-Belgian forces against Mr Carlo De Benedetti, Mr Lippens has had to contend with stock market rumours over the last few months of an unwelcome takeover bid. Yesterday's move ends that.

By combining Belgium's biggest insurance company with the third largest in The Netherlands it also creates an international group ranked 12th in Europe in terms of premium income, with overall revenues from premiums and financial revenues of around BFr268bn ($7.5bn), total assets of more than BFr1230bn. and shareholders' funds (including unrealised gains on assets) close to BFr147bn. The total stock market capitalisation of the combined group will be about BFr160bn.

Amev, meanwhile, is the bigger of the two and because the intention is that each side will assume equal direct or indirect control of all the operating subsidiaries AG will pay half the difference (namely BFr10.7bn) in the valuation of the groups. This payment will be staggered over a period of 10 years.

Finance for AG's acquisition of its shareholdings in the Amev subsidiaries will be provided through AG 1990, a new company founded by AG and some of its stable shareholders to avoid any dilution in the present shareholding structure of the AG group.

The combined entity will operate in all insurance sectors and have three dominant geographical legs: Belgium, The Netherlands and the US. Both sides have banking interests which they will bring to the party, Amev in the form of the largest Dutch savings bank, VSB, with which it is about to merge, and AG through its Metropolitan subsidiary and stake in Générale de Banque.

Two main factors were cited yesterday in justification for the marriage – the internationalisation of the insurance market with the advent of the single European market in 1992 and the economies of scale needed to take advantage; and the "general deregulation of the insurance market in Europe, which will eventually affect the whole of the financial services industry."

Insurance companies would increasingly have to offer a wider range of products and services, a trend which "will also affect the traditional relationship between insurance companies and their agents and independent brokers."

Four advantages of the tie-up were advanced at yesterday's press conference: the similarity of the groups will enable them to form an association "on an equal control basis;" they share the same strategic outlook; their corporate structures pose no major obstacles to a merger; their amicable "pooling of interests" avoids the expense of a takeover and the premium needed to take control.

The new group says it intends to continue its expansion outside the Benelux region by securing significant positions in selected markets and adapting its strategy of performing as a full service or niche player. Both sides claim that "the geographical distribution, combined resources available for development and economics of scale will reinforce the group's profit potential" and "will have the fundamental effect of increasing share values for both groups."

Non-life insurance helps Amev to Fl 355m

By Edi Cohen in Amsterdam

AMEV announced a hefty 28.5 per cent increase in net consolidated profits from Fl 276.2m ($144m) in 1988 to Fl 354.8m last year, with non-life insurance business mostly responsible for the rise.

The company said the advance would have been 26.7 per cent without the effect of exchange rate fluctuations.

Earnings per share rose less than net profits, by 16.3 per cent to Fl 5.78, reflecting share issues in 1989 to VSB Group, the savings bank, and an optional dividend in 1988.

Amev plans to pay a dividend per ordinary share of Fl 2.65 for 1989, up from Fl 2.55 in 1988 and widely felt to be on the low side.

The rise in profits came in spite of a considerable loss in the Spanish automobile insurance sector. Significantly increased profits from other countries, especially in the US, the Netherlands and Australia, easily made up for this loss.

In the US, returns from the cyclical turnround in the health business far exceeded favourable expectations. In the Netherlands the increase in profits in especially the automobile insurance sector was excellent.

Results on the life insurance side were dull. In the Netherlands life results were lower while profits in the US and Australia showed a rise.

Premium income from accident and health, especially in the US but also in the UK and Australia rose by 23 per cent while premium income from life insurance, notably in group business in the Netherlands, went up by 9 per cent.

UOB group net profits rise 39.1%

UNITED Overseas Bank (UOB) of Singapore lifted group net profit 39.1 per cent to S$239.6m (US$127.2m) last year, AP-DJ reports from Singapore.

Profit at the bank alone rose 14.2 per cent to S$139.5m. Buoyed by the improved results, the bank group proposed a one-for-10 bonus issue, subject to the approval of the Monetary Authority of Singapore and the local stock exchange.

Group net profit for the final six months to December rose 61.8 per cent to S$113.4m.

It declared a final dividend of 10 cents, raising the total net dividend for the year to 18 cents, from 16 Singapore cents in 1988.

● Straits Trading, with interests in tin and property, said group pre-tax profit rose 14.7 per cent to S$56.4m last year. Revenue gained 23.2 per cent to S$270.4m. After an increased tax bill, net profit rose 11.5 per cent to S$38.3m, but this excluded an extraordinary gain of S$32.5m, down from S$28.8m.

The annual dividend of 13 cents is unchanged.

● Boosted by a buoyant property market in Singapore, City Developments saw group pre-tax profit leap to S$71.9m from S$45.8m. Revenue rose 54.6 per cent to S$307.5m. Attributable profit was up 46.7 per cent to S$36.5m.

Aker plans formal bid for CVCP

By Karen Fossli in Oslo

AKER, the Norwegian cement and offshore products and services group, is studying the possibility of making a formal takeover bid for Valenciana de Cementos Portland (CVCP), one of Spain's biggest cement producers, Mr Gerhard Heiberg, Aker's chairman, said yesterday.

An Aker meeting is scheduled for Thursday in which Mr Heiberg, who has been in Spain on a fact-finding trip, is expected to suggest to his board that an offer be made.

Last week saw the end of a bitter battle between Aker and Banco Espanol de Credito (Banesto) over control of CVCP which began last November when Aker raised its stake in the company to 24.82 per cent, blocking Banesto's plans to merge all its cement interests into a new industrial group.

Supported by the Serratosa family, which manages and partly owns Valenciana, a deal was reached which calls for a split of the complex intertwined holdings between CVCP – with Aker and the Serratosas on one side – and Sanson, a CVCP subsidiary, and Banesto on the other.

By yesterday, formalisation of the division of the CVCP/Sanson companies had not yet been achieved, though Mr Heiberg confirmed that two separate groups would be created giving Aker/Serratosa about 7m tonnes of annual cement production and Banesto/Sanson about 4m tonnes of annual production.

Banesto sold a 32 per cent shareholding in Valenciana for about NKr3.6bn ($549m) of which 10 per cent was bought by the Serratosa family with the rest bought by Valenciana and affiliates.

Aker currently holds a 24.8 per cent stake in CVCP, worth NKr2.8bn, which is just under the legal 24.9 per cent Spanish shareholding limit before a formal takeover bid must be made.

CVCP is currently valued at about NKr11.3bn, though there is approximately 9 per cent of the total 11.32m shares available in the market which are worth about NKr1bn.

Aker could make a bid for the company, knowing that it would be rejected, except for the 9 per cent tranche of shares currently available, which it could then acquire to boost its stake to 33.8 per cent.

Mr Heiberg said yesterday that Aker could, on its own, make an offer for CVCP, "which would treat all shareholders equally", or that Aker could team up with the Serratosa family to jointly make an offer to the remaining shareholders.

Mr Emilio Serratosa is the biggest shareholder within the family while other interests are split among 60 to 70 other family members.

In an earlier interview with the Financial Times Mr Heiberg suggested that at some point Euroc, the Swedish group which is Aker's partner in Scancem, a 50/50 joint venture formed in 1986 to allow the two to expand internationally, could purchase a part of its stake in CVCP.

However, Mr Heiberg said yesterday that it is currently not timely for such a consideration to be made.

He added that clarification of Aker's intentions towards further boosting its stake in CVCP could be made within a week to ten days.

Havas acquires Scac Voyages for FFr160m

HAVAS, the French advertising and publishing group, has found the way to develop its tourism and travel agency activities through the acquisition of Scac Voyages, the tourism division of the Bolloré group, writes George Graham.

Havas Tourisme will pay FFr160m($28.19m) for Scac Voyages, together with the smaller Scac affiliates Diners Voyages and VII. The Bolloré group, in exchange, will pay FFr60m for a 10 per cent stake in Havas Tourisme.

The marriage will create a travel group with around 500 points of sale and turnover of around FFr6bn. Havas, the larger group, has been stronger in tourist travel and in the French regions, while Scac has developed in business travel and is strongest in the Paris area.

Havas has been seeking for some time to strengthen its travel operations. It tried last year to form a partnership with Wagons-Lits, the Franco-Belgian travel group, and complemented its own travel activities by a concentration on business travel. The partnership broke down because of differences in outlook.

Wagons-Lits has begun an expansion in Spain, through an alliance with Banco de Bilbao-Vizcaya to take control of the Ecuador travel group. In France, Thomas Cook of the UK has signed a co-operation agreement with Via Voyages, the travel subsidiary of the Navigation Mixte group.

M$600m facelift for resort

By Lim Siong Hoon in Kuala Lumpur

RESORTS World, the Malaysian gambling and hotel operator floated last December, is spending M$600m (US$222m) to expand its Genting Highland resort. The announcement came after the group reported, in its first annual statement, a pre-tax profit of M$83m, 50 per cent more than forecast.

The group obtained the gambling, hotel and resort units for M$443m from Genting, its parent, last year. For the acquisitions, Resorts World issued 376m shares and another 100m units in convertible debt notes. Genting retained a 55 per cent stake in the group. Genting's divestiture, new issues and cash balances would have provided nearly M$745m at the disposal of both the groups then, according to analysts.

The Highland expansion will be funded without debt, said Mr Lim Goh Tong, chairman at Resorts World and Genting.

For the year to December, turnover at Resorts World stood at M$226m. Profit after tax was M$47m, or earnings of 19.4 sen (Malaysian cents) a share. The group proposes no final dividend. This year pre-tax profit is forecast to more than double to M$174m.

INTERNATIONAL APPOINTMENTS

Management changes at Anheuser-Busch

ANHEUSER-BUSCH Cos, the largest US brewer, announced a realignment of management responsibilities within the parent company and its beer and food subsidiaries.

Mr Patrick Stokes was appointed president of Anheuser-Busch Inc, the beer subsidiary, succeeding Mr August Busch III, who continues as chairman and chief executive of the unit, as well as chairman and president of the parent company.

Since 1985 Mr Stokes had been chairman and chief executive of Campbell Taggart and chairman and president of Eagle Snacks, the company's food subsidiaries.

Mr Michael Roarty was named executive vice president - corporate marketing and communications for Anheuser-Busch Cos, and also Busch Media Group chairman.

Mr Jerry Ritter was promoted from vice president to executive vice president - chief financial and administrative officer of Anheuser-Busch Cos.

Mr David Leavenworth, president of Campbell Taggart, was named chairman and chief executive of Campbell Taggart and Eagle Snacks.

Top moves at Fujitsu

FUJITSU, the largest Japanese computer maker, intends to promote managing director Mr Tadashi Sekizawa to president at a directors' meeting which will follow a general shareholders' meeting in late-June.

Mr Takuma Yamamoto, currently president, will become chairman, a post which is vacant at present.

★ ★ ★

MITSUBISHI KASEI, an integrated Japanese chemical company which is part of the Mitsubishi group, intends to promote vice president Mr Masahiko Furukawa to the post of president in June, succeeding Mr Seiji Suzuki.

Mr Suzuki will become board chairman, taking over from Mr Eiji Suzuki, president of the Japan Federation of Employers' Associations (Nikkeiren) and who will become Mitsubishi Kasei's adviser.

Their appointments will be formalised at the company's meeting of shareholders scheduled for late June.

Mr Furukawa, 62, joined the Tokyo-based concern after graduating in 1953 from the Tokyo Institute of Technology. Heading both the planning and engineering divisions, he was appointed managing director in June last year.

★ ★ ★

HERTZ, the car leasing and fleet management company, appointed Mr Antoine Cau as president of Hertz International from April 1. He will be in charge of Hertz Europe, Middle East and Africa.

He replaces Mr Fredy Dellis, who has departed to take over the presidency of Burger King International.

Mr Cau, who joined Hertz in 1973, has most recently been responsible for the European Rent-a-Car operations.

★ ★ ★

KIDDER Peabody, the US investment bank 80 per cent owned by the American General Electric, said that Mr Michael Carpenter, Kidder's chief executive and president since January last year, has also been named chairman.

Mr Carpenter succeeds as Kidder chairman Mr Silas Cathcart, who retired early this year.

★ ★ ★

THE London-based Saudi International Bank, owned 50 per cent by the Saudi Arabian Monetary Agency and 20 per cent by Morgan Guaranty Trust of New York, appointed Mr Khaled Al-Fayez and Mr Richard Debs as non-executive directors.

Mr Al-Fayez is chief executive of Gulf Investment Corporation, Kuwait. He is also a director of Riyad Bank, Saudi Arabia, and on the advisory board of the World Economic Forum, Switzerland.

Mr Debs was president of Morgan Stanley International from 1976 to 1987 when he retired, although he remains with Morgan Stanley as an advisory director. Prior to that, he served as chief administrative officer of The Federal Reserve Bank of New York.

INTERNATIONAL COMPANIES AND FINANCE

Bond Media decides to change its name to Nine Network

By Bruce Jacques in Sydney

DIRECTORS of Bond Media, the Australian broadcasting group, have moved to further distance themselves from Mr Alan Bond, the troubled Perth-based businessman.

Bond Media, which is still majority controlled by Bond interests, will change its name to Nine Network. Mr Warren Jones, the chairman, announced the change in a letter to shareholders yesterday.

Removal of the word Bond from the company's name follows last month's agreement for Bond Corporation, Mr Bond's corporate flagship, to sell a 40 per cent stake in Bond Media to Bell Resources, another Bond Corp offshoot.

Bell is still a subsidiary of Bond Corp but is operating under an independent board headed by Mr Geoff Hill, a prominent merchant banker who has just joined the Bond Media board.

Mr Jones also confirmed that National Australia Bank had agreed to extend the repayment date for a A$367m (US$276.6m) debt facility from the previous deadline of March 28 until at least June 20.

He said Bankers Trust Australia had committed to underwrite 50 per cent of the company's future senior debt requirements, but this was subject to the company negotiating A$250m in fresh equity.

"Bond Media is negotiating with several potential equity participants, but due to confidentiality agreements and concerns that the negotiations may be hindered by third parties, the identity of interested parties must remain confidential," he said.

Meanwhile, another company in the Bond orbit, the Queensland nickel producer **Metals Exploration**, has declared a pre-tax operating loss of A$2.8m for the half-year to December.

The result compares with a A$7.1m loss previously, but it excludes a A$7.1m extraordinary debit, against a A$43.7m charge previously. Directors said that in determining the trading loss they had not accrued A$6.6m in interest on a large holding of convertible notes in Bond Corporation.

"The directors have continued to carry the convertible notes at 60 per cent of their face value, as Bond Corporation has not yet made available its results for the six months to December 31," they said. "Once these results have been obtained, the directors will again review the carrying value of this investment and will advise shareholders."

● An extraordinary meeting of **Bond Corporation International**, the quoted Hong Kong subsidiary of Mr Bond's empire, yesterday approved the sale for US$388.5m of its interests in Compania de Telefonos de Chile to Telefonica of Spain, writes **John Elliott in Hong Kong**.

The sale figure was reduced from an originally agreed price of US$391m "following completion of a due diligence process," a statement said. The sale has been arranged as part of Mr Bond's international cash-raising exercise. But the funds will stay in Hong Kong until BCIL decides whether to buy the half of a 284-hectare Rome development site which it does not already own.

Plans for developing the site have been held up by planning problems which BCIL believes could be solved if it was in single ownership. This should make the site more easily saleable. The 50 per cent stake was bought by BCIL for US$120m a year ago.

The blossoming of a banking giant

Stefan Wagstyl and **Michiyo Nakamoto** on a Japanese merger

THE WORLD'S second largest bank opened for business yesterday, the result of a delicate merger between Mitsui Bank and Taiyo Kobe Bank, two of Japan's leading commercial banking groups.

Everything about the union has been fraught with difficulty – not least the name of the new institution.

To save everyone's face, the new giant of banking has two names – in Japanese it is called Taiyo Kobe Mitsui Bank and in English, Mitsui Taiyo Kobe Bank.

Over the weekend, officials were doing their best to create an image of unity, unveiling plaques with the new (Japanese) name, and displaying the logo – a cherry blossom, or *sakura* in Japanese.

The cherry blossom badges are so popular among employees that some have suggested calling the bank Sakura Bank, in imitation of the smaller Sanyo Sogo Bank, which won thousands of new customers by changing its name to Tomato Bank.

Customers will generally be issued with cherry blossom pink bank books. Those who don't like pink will be offered an alternative book emblazoned with a portrait of Paddington Bear. (Paddington is famous in Japan, though less so than Mickey Mouse, symbol of rival Mitsubishi Bank).

A cherry blossom – sakura in Japanese – will be the new logo for the world's second largest bank, which opened for business yesterday

However, once the razzmatazz of the launch is over, bank executives will return to the immensely difficult task of bringing their two organisations together. Taiyo Kobe officials understand the problem – Taiyo Kobe was formed in a merger between two banks 16 years ago.

Senior staff still see themselves as either ex-Taiyo Bank or ex-Kobe Bank employees. At Dai-Ichi Kangyo Bank, the largest Japanese bank, similar attitudes persist 18 years after a merger.

Mitsui Bank's 10,495 employees join Taiyo Kobe's 12,368 and new recruits to create a mammoth workforce of more than 23,000. There are three separate personnel departments – one for former Mitsui employees, one for ex-Taiyo Kobe staff and a third for new incoming employees.

Headquarter's functions are split between the two head offices, resulting in a cut from 77 to 56 in divisional managers, fewer than the number of directors, which stands at 68.

Mr Yasuo Matsushita, Taiyo Kobe's former president, is chairman of the new bank, while Mr Kenichi Suematsu, former Mitsui Bank president, is president.

Outside head offices, staff at the 611 branches will remain separate for the time being. About 90 branches have been identified as redundant but they will be cut at a rate of no more than 12 a year.

The merits of the merger lie mainly in the scale of the new bank which has combined assets of nearly Y60,000bn ($381bn), second only to Dai-Ichi Kangyo.

There is also a good match between Mitsui's international skills and Taiyo Kobe's strength in retail banking.

However, with 23,000 employees against 19,000 at DKB, the new bank's excessive costs will eat into profits for a long time to come.

Officials will have to work hard to ensure their new creation is less fragile than the cherry blossom they have chosen as their symbol.

Israel Discount Bank suffers squeeze in profits

By Hugh Carnegy in Jerusalem

A DECLINE in interest margins squeezed profits in 1989 at Israel Discount Bank, the country's third largest financial group, in spite of a cut in loan loss provisions and increased operating income.

A sharp drop in provisions allowed Bank Hapoalim and Bank Leumi, its bigger rivals, to return to profit last year. IDB, with a relatively smaller provisions cut, suffered a retreat after being the only one of Israel's top four banks to stay in profit in 1988.

Inflation-adjusted net profits were down 4.3 per cent last year at Shk64m ($31.9m), the bank announced yesterday, after an 8 per cent fall in income from financing activities. Bad debt allowances were Shk154.2m, down 11 per cent.

A significant contribution came from the 80 per cent owned IDB of New York, with net profit of $20.2m. Because of exchange rate adjustments, only $7m was taken into the consolidated balance sheet.

Group shareholder's equity rose 3.4 per cent to Shk1.29bn, but return on capital was down slightly at 5.1 per cent. Exchange rate adjustments also hit total assets, down nearly 3 per cent at Shk30.3bn.

Sappi lifts sales despite falling world pulp prices

By Jim Jones in Johannesburg

SAPPI, South Africa's largest pulp and paper manufacturer, increased sales and profits in the year to February but was affected by falling world pulp prices in the second half and lower newsprint prices.

Annual turnover increased to R2.73bn ($1bn) from R2.47bn in the previous 14-month period and pre-tax profit was R652.2m against R583.3m. Second-half trading was also hit by technical problems at the Ngodwana mill which were accompanied by river pollution in the eastern Transvaal.

Mr Eugen van As, managing director, said the Saiccor division, acquired from Courtaulds of the UK, benefited from high prices for dissolving pulp and improved production. He warned that dissolving pulp and paper pulp prices had softened this year though paper prices were relatively stable. He also expected domestic demand for paper products to remain firm though paper pulp exports were likely to stagnate.

Mr Van As said it was unlikely earnings would be maintained this year. Net earnings per share rose to R6.50 from R6.07 in the previous 14 months and the dividend has been lifted to R2 from R1.90.

Banks' wizard deal in Oz

Bernard Simon on a good Australian move for Canadian finance

The approach to Royal Bank of Canada to sell its half share in National Mutual Royal Bank (NMR) of Australia has come at a propitious time for Canada's biggest financial institution.

Like the country's five other big banks, Royal is focusing its foreign attentions on the US and, to a lesser extent, the Far East.

If it can find a suitable target, the Canadian bank would like nothing more than to use the estimated A$200m (US$150m) it will receive from the sale of its Australian investment to help finance the US retail or commercial acquisition it is seeking.

NMR was a peripheral investment for Royal. Although one of its secondees is presently the Australian bank's deputy managing director, Royal has taken little active role in NMR's operations. Furthermore, a bank official said it was doubtful that NMR's retail focus could meet Royal's target of an 18 per cent return on equity in the forseeable future.

He said Royal would maintain and expand its representative office in Australia to serve its corporate clients.

All the Canadian banks are increasingly gearing their offshore operations to their North American corporate customers. As they have found themselves unable to compete with the biggest Japanese, US and European institutions in global capital markets, they have sold or closed a number of ventures over the past few years.

Royal has trimmed offshore operations with assets of more than C$1bn (US$854m), including a sizeable full-service bank in Belgium, a Hong Kong-based merchant bank and automotive financing venture, and minority stakes in operations in several central American countries, including Colombia, Trinidad and Jamaica.

It recently sold an office building in Paris. The Canadian banks have all drawn in their horns in Eurodollar markets. By contrast, they are expanding in the US, while maintaining their strong historical presence in the Caribbean.

The Royal official said that Mr Vincent Kelly, the bank's newly appointed senior vice president for strategic initiatives, will focus on the US and the Far East, especially Japan.

Royal, which has 10 offices south of the border, recently opened one in Buffalo, New York, to take advantage of the US-Canada free trade agreement. It claims to trade more foreign currency in the US than any other foreign bank.

Among the other Canadian banks, Canadian Imperial Bank of Commerce expanded its US business by 10 per cent last month by buying US$1bn of Bank of New England's loans to the communications industry. "We see North America as our home base," says Mr Al Flood, president of CIBC's corporate banking division. Bank of Montreal has set itself a target of deriving half its profits from US operations, up from about 26 per cent last year.

The Canadian banks are confident they have a competitive edge in the US thanks to their geographic proximity and their knowledge of retail banking gained through extensive branch networks in Canada.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, April 2, 1990. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY	£ STG	US $	D-MARK	YEN (X 100)
Afghanistan (Afghani)	99 25	60 8522	35 7335	38 2835
Albania (Lek)	9 9948	6.1280	3 5984	3 8552
Algeria (Dinar)	13.012	7.9779	4 6847	5 0190
Andorra (Fr Fr)	9.3425	5.7280	3 3636	3 6036
(Sp Peseta)	177.45	108.7982	63 8883	68.4474
Angola (Kwanza)	50 515u	30.0412	18.1872	19.4850
Antigua (E Carr $)	4.3915	2 6925	1.5810	1.6939
Argentina (Austral)	7563 67	4637.4432	2723.1935	2917.5197
Aruba (Florin)	2.9114	1 7850	1 0482	1 1230
Australia (Aus $)	2 14775	1.3167	0 7732	0 8284
Austria (Schilling)	19 515	11.9650	7 0261	7.5274
Azores (Port Escudo)	245.25	150.3678	88.2988	94.5998
Bahamas (Bahama $)	1 6310	1	0 5872	0 6291
Bahrain (Dinar)	0 6127	0.3756	0 2205	0 2363
Balearic Is (Sp Peseta)	177 45	108.7982	63 8883	68 4474
Bangladesh (Taka)	53 20	32 6180	19 1539	20 5207
Barbados (Barb $)	3 2714	2.0057	1 1778	1.2618
Belgium (Belg Fr)	57.50	35.2544	20.7020	22.1793
Belize (B $)	3.253	1 9944	1 1711	1 2547
Benin (CFA Fr)	467 125	286.4040	168 1818	180 1832
Bermuda (Bermudian $)	1.6310	1	0 5872	0 6291
Bhutan (Ngultrum)	26.80	16.4316	9 6489	10.3375
Bolivia (Boliviano)	5 0096	3 0714	1 8036	1.9323
Botswana (Pula)	3.0975	1.8991	1 1152	1.1947
Brazil (Cruzado)	67 4189	41.3359	24 2732	26 0053
British Virgin Is (US $)	1.6310	1	0.5872	0 6291
Brunei (Brunei $)	3 0613	1 8769	1.1021	1 1808
Bulgaria (Lev)	1.3122	0.8045	0 4724	0 5061
Burkino Faso (CFA Fr)	467.125	286 4040	168 1818	180 1832
Burma (Kyat)	10.7780	6 6082	3 8804	4 1573
Burundi (Burundi Fr)	288.50	176.8853	103.8703	111.2825
Cambodia (Riel)	355.566	218 0012	128.0144	137 1494
Cameroon (CFA Fr)	467.125	286 4040	168 1818	180.1832
Canada (Canadian $)	1.9060	1 1686	0.6862	0 7351
Canary Is (Sp Peseta)	177 45	108 7982	63 8883	68.4474
Cp. Verde (CV Escudo)	120.9953	74.1847	43.5626	46.6712
Cayman Is (CI $)	1.3500u	0 8285	0 4860	0 5207
Cent.Afr. Rep (CFA Fr)	467 125	286 4040	168 1818	180.1832
Chad (CFA Fr)	467 125	286 4040	168 1818	180.1832
Chile (Chilean Peso)	479.78	294.1650	172.7380	185 0646
China (Renminbi Yuan)	7 7553	4 7549	2 7921	2 9914
Colombia (Col Peso)	753.18	461.7903	271.1719	290 5226
Comoros (CFA Fr)	467 125	286 4040	168.1818	180.1832
Congo (Brazz) (CFA Fr)	467 125	286 4040	168 1818	180 1832
Costa Rica (Colon)	139.7977	85.7128	50 3322	53 9238
Côte d'Ivoire (CFA Fr)	467.125	286.4040	168.1818	180 1832
Cuba (Cuban Peso)	1.2960	0.7946	0 4666	0.4999
Cyprus (Cyprus £)	0.7795	0 4779	0 2806	0.3006
Czechoslovakia (Koruna)	26.88c	16.4806	9.6777	10 3683
	59.10t	36.2354	21.2781	22.7965
Denmark (Danish Kroner)	10 5900	6 4929	3 8127	4 0848
Djibouti Rep (Djib Fr)	287 00	175 9656	103 3303	110 7039
Dominica (E Carrib $)	4.3915	2.6925	1.5810	1.6939
Dominican Rep (D Peso)	13.7075	8.4043	4.9351	5.2873
Ecuador (Sucre)	1152.00o	706 3151	414.7614	444 3567
	1234.00a	756.5910	444.2844	475.9884
Egypt (Egyptian £)	4.3600	2.6732	1.5697	1.6817
El Salvador (Colon)	10.3244	6.3301	3.7171	3.9824
Equat'l Guinea (CFA Fr)	467.125	286.4040	168.1818	180 1832
Ethiopia (Ethiopian Birr)	3.3425	2.0493	1.2034	1.2892
Falkland Is (Falk £)	1.00	0 6131	0.3600	0.3857
Faroe Is (Danish Kroner)	10.5900	6.4929	3.8127	4 0848
Fiji Is (Fiji $)	2.5004	1.5330	0.9002	0.9644
Finland (Markka)	6 5358	4 0072	2 3531	2.5210
France (Fr)	9.3425	5.7280	3 3636	3.6036
Fr. Cty/Africa (CFA Fr)	467.125	286 4040	168 1818	180 1832
Fr. Guiana (Local Fr)	9.3425	5.7280	3 3636	3.6036
Fr. Pacific Is (CFP Fr)	168.00	103.0042	60.4860	64.8023

COUNTRY	£ STG	US $	D-MARK	YEN (X 100)
Gabon (CFA Fr)	467.125	286 4040	168 1818	180 1832
Gambia (Dalasi)	13.5377	8.3002	4 8740	5 2218
Germany East (Ostmark)	2 7775	1.7029	1	1.0713
Germany West (DMark)	2.7775	1.7029	1	1.0713
Ghana (Cedi)	507 8425	311.3687	182.8415	195.8891
Gibraltar (Gib £)	1 00	0.6131	0.3600	0.3857
Greece (Drachma)	265.80	162 9675	95 6975	102.5265
Greenland (Danish Krone)	10.5900	6 4929	3 8127	4.0848
Grenada (E Carr $)	4.3915	2 6925	1.5810	1.6939
Guadaloupe (Local Fr)	9.3425	5.7280	3.3636	3.6036
Guam (US $)	1.6310	1	0.5872	0.6291
Guatemala (Quetzal)	6.376	3.9092	2.2955	2 4594
Guinea (Fr)	487 95	299.1722	175 6795	188.2160
Guinea-Bissau (Peso)	1057.225u	648.8502	380 6390	407.8013
Guyana (Guyanese $)	48.62u	29.9587	17.5049	18.7540
Haiti (Goude)	8.1325u	4.9911	2 9279	3.1369
Honduras (Lempira)	7.1848o	4.4250	2.5867	2.7713
Hong Kong (HK $)	12.676	7 7719	4.5638	4.8894
Hungary (Forint)	106.9989	65.6032	38.5234	41.2724
Iceland (Icelandic Krona)	99.745	61.1557	35.9117	38.4744
India (Indian Rupee)	26.80	16.4316	9.6489	10.3375
Indonesia (Rupiah)	2978 88	1826.4132	1072.5040	1149.0376
Iran (Rial)	114.00	70.6000	41 0441	43 9729
Iraq (Iraqi Dinar)	0.5117	0.3137	0.1842	0 1973
Irish Rep (Punt)	1.0390	0.6370	0.3740	0.4007
Israel (Shekel)	3.245	1.9895	1.1683	1.2516
Italy (Lira)	2045.25	1253.9852	736 3636	788.9103
Jamaica (Jamaican $)	11.1135	6.8139	4.0012	4 2867
Japan (Yen)	259.25	158 9515	93.3393	100
Jordan (Jordanian Dinar)	1.0844	0.6648	0.3904	0.4182
Kenya (Kenya Shilling)	37.40	22.9307	13.4653	14 4262
Kiribati (Australian $)	2.14775	1.3167	0.7732	0 8284
Korea North (Won)	1.5777	0.9673	0.5680	0 6085
Korea South (Won)	1142.65	700.5824	411.3951	440 7521
Kuwait (Kuwaiti Dinar)	0.4779	0.2930	0.1720	0.1843
Laos (New Kip)	1171 08	718 0134	421.6309	451 7184
Lebanon (Lebanese £)	935.12	573.3415	336.6768	360 7020
Lesotho (Maluti)	4.3350	2.6578	1.5607	1.6721
Liberia (Liberian $)	1 6310	1	0.5872	0 6291
Libya (Libyan Dinar)	0 4798	0.2941	0.1727	0.1850
Liechenstein (Swiss Fr)	2 4575	1.5067	0.8847	0 9479
Luxembourg (Lux Fr)	57.50	35.2544	20 7020	22.1793
Macao (Pataca)	13 1294	8.0474	4.7256	5.0628
Madeira (Port Escudo)	245.25	150.3678	88.2988	94.5998
Malagasy Rep (MG Fr)	2119.00	1299.2029	762 9162	817.3577
Malawi (Kwacha)	4 7120	2.8890	1.6964	1.6175
Malaysia (Ringgit)	4.4385	2 7213	1.5980	1.7120
Maldive Is (Rufiya)	15.2858	9.3720	5.5034	5.8961
Mali Rep (CFA Fr)	467.125	286.4040	168.1818	180.1832
Malta (Maltese £)	0.5405	0.3313	0 1945	0.2084
Martinique (Local Fr)	9.3425	5.7280	3.3636	3.6036
Mauritania (Ouguiya)	135 8941	83.3194	48.9267	52.4181
Mauritius (Maur Rupee)	24.20	14.8375	8.7128	9.3346
Mexico (Mexican Peso)	4512.62a	2766.7811	1624 7056	1740.6441
	4437.09d	2720.4721	1597.5121	1711.5101
Miquelon (Local Fr)	9.3425	5.7280	3.3636	3 6036
Monaco (French Fr)	9.3425	5.7280	3.3636	3.6036
Mongolia (Tugrik)	5.4577u	3.3495	1.9649	2.1051
Montserrat (E Carr $)	4.3915	2.6925	1.5810	1.6939
Morocco (Dirham)	13.0610	8.0079	4 7024	5.0379
Mozambique (Metical)	1478.6459	906.5885	532.3637	570.3552
Namibia (S A Rand)	4.3350	2.6578	1.5607	1.6721
Nauru Is (Australian $)	2.14775	1.3167	0.7732	0 8284
Nepal (Nepalese Rupee)	46 1926	28.3216	16 6309	17.8177
Netherlands (Guilder)	3.1300	1.9190	1.1269	1.2073
N'rd Antilles (A/Guilder)	2.9114u	1.7868	1.0482	1.1230
New Zealand (NZ $)	2.80475	1.7196	1 0097	1.0818
Nicaragua (Cordoba)	65077.75	39900.5211	23430.3330	25102.3143
Niger Rep (CFA Fr)	467 125	286.4040	168 1818	180.1832
Nigeria (Naira)	12.8168	7.8582	4.6145	4.9437
Norway (Nor. Krone)	10.7925	6.5925	3.8712	4.1475
Oman (Rial Omani)	0.6256	0.3835	0.2252	0.2413

COUNTRY	£ STG	US $	D-MARK	YEN (X 100)
Pakistan (Pak. Rupee)	34.45	21.1220	12.4032	13.2883
Panama (Balboa)	1.6310	1	0.5872	0.6291
Papua New Guinea (Kina)	1 5905	0 9751	0.5726	0.6135
Paraguay (Guarani)	1962.33	1203.1453	706.5094	756.9257
Peru (Inti)	20801.05	12753.5561	7489.1269	8023.5486
Philippines (Peso)	35.45	21.7351	12.7632	13.6740
Pitcairn Is (£ Sterling)	1.00	0.6131	0.3600	0.3857
(NZ $)	2 80475	1.7196	1.0097	1.0818
Poland (Zloty)	15328.00	9397.9153	5518.6318	5912.4397
Portugal (Escudo)	245.25	150.3678	88.2988	94.5998
Puerto Rico (US $)	1.6310	1	0.5872	0.6291
Qatar (Riyal)	5.9166	3.6275	2.1301	2.2821
Reunion Is. de la (F/Fr)	9.3425	5.7280	3.3636	3.6036
Romania (Leu)	34.221	20.9809	12.3204	13.1996
Rwanda (Fr)	127.92	78.4304	46.0558	49.3423
St Christopher (E Carr $)	4.3915	2.6925	1.5810	1.6939
St Helena (£)	1.00	0.6131	0.3600	0.3857
St Lucia (E Carr $)	4.3915	2.6925	1.5810	1.6939
St Pierre (French Fr)	9.3425	5.7280	3.3636	3.6036
St Vincent (E Carr $)	4.3915	2.6925	1.5810	1.6939
San Marino (Italian Lira)	2045.25	1253.9852	736.3636	788.9103
Sao Tome (Dobra)	171.3355	105.0493	61.6869	66.0889
Saudi Arabia (Riyal)	6.0946	3.7367	2.1942	2.3508
Senegal (CFA Fr)	467.125	286.4040	168.1818	180.1832
Seychelles (Rupee)	9.10	5.5793	3.2763	3.5101
Sierra Leone (Leone)	191.20	117.2286	68.8388	73.7512
Singapore ($)	3.0613	1.8769	1.1021	1.1808
Solomon Is ($)	4.0776	2.5000	1.4680	1.5728
Somali Rep (Shilling)	666.865	408.8687	240.0954	257.2285
South Africa (Rand)	4.3350c	2.6578	1.5607	1.6721
	6.6295g	4 0646	2.3868	2.5571
Spain (Peseta)	177.45	108.7982	63.8883	68.4474
Spanish Ports in N Africa (Sp Peseta)	177.45	108.7982	63.8883	68.4474
Sri Lanka (Rupee)	64.40	39.4849	23.1863	24.8408
Sudan Rep (£)	18 6234	11.4183	6.7050	7.1835
Surinam (Guilder)	2.8952	1.7751	1.0423	1.1167
Swaziland (Lilangeni)	4 3350	2.6578	1.5607	1.6721
Sweden (Krona)	10.0175	6.1419	3.6066	3.8640
Switzerland (Fr)	2.4575	1.5067	0.8847	0.9479
Syria (£)	34 1565u	20.9628	12.2975	13.1751
Taiwan ($)	43.00	26.3641	15.4815	16.5863
Tanzania (Shilling)	317.10	194.4206	114.1674	122.3143
Thailand (Baht)	42.00	25.7510	15.1215	16.2005
Togo Rep (CFA Fr)	467.125	286.4040	168.1818	180.1832
Tonga Is (Pa Anga)	2.14775	1.3167	0.7732	0.8284
Trinidad/Tobago ($)	6.9126	4.2382	2.4887	2.6663
Tunisia (Dinar)	1.4947	0.9164	0.5381	0.5765
Turkey (Lira)	4049 69	2483.0717	1458.1062	1562.1562
Turks & Caicos (US $)	1.6310	1	0.5872	0.6291
Tuvalu (Australian $)	2.14775	1.3167	0.7732	0.8284
Uganda (New Shilling)	616.7037	378.1138	222.0355	237.8799
U A E (Dirham)	5.9678	3.6589	2.1486	2.3019
United Kingdom (£)	1.00	0.6131	0.3600	0.3857
United States (US $)	1.6310	1	0.5872	0.6291
Uruguay (Peso)	1540.79	944.6903	554.7398	594.3259
USSR (Rouble)	0.9823	0.6022	0.3536	0.3789
Vanuatu (Vatu)	193.50	118.6388	69.6669	74.6383
Vatican (Lira)	2045.25	1253.9852	736.3636	788.9103
Venezuela (Bolivar)	70.6657	43.3253	25.4414	27.2569
Vietnam (Dong)	7319.25	4487.5943	2635.1935	2823.2401
Virgin Is-British (US $)	1.6310	1	0.5872	0.6291
Virgin Is-US (US $)	1.6310	1	0.5872	0.6291
Western Samoa (Tala)	3.7084	2.2736	1.3351	1.4304
Yemen (Rial)	19.2282	11.7873	6.9217	7.4156
Yemen PDR (Dinar)	0.5530g	0.3393	0.1990	0.2133
Yugoslavia (Dinar)	19.5177	11.9667	7.0270	7.5285
Zaire Rep (Zaire)	822.01	503.9914	295.9531	317.0723
Zambia (Kwacha)	63.98	39.2274	23.0351	24.6788
Zimbabwe ($)	3.91	2.3973	1.4077	1.5081

Special Drawing Rights March 30, 1990 United Kingdom £0.791837 United States $1.30083 Germany West D Mark 2.20413 Japan Yen204.490 European Currency Unit Rates April 2, 1990 United Kingdom £0.739146 United States $1.20089 Germany West D Mark 2.04344 Japan Yen191.482

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential Imports; (g) Financial rate; (h) Exports; (l) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar. Some data supplied by Bank of America, Economics Department, London Trading Centre, Enquiries: 01 634 4360/5. Monday, April 2, 1990. (Honduras Lempira: 100% devaluation 20/3.

INTERNATIONAL CAPITAL MARKETS

Sharp fall in loan volume as merger activity declines

By Norma Cohen

IT SHOULD come as no surprise to international bankers that the volume of syndicated loans fell sharply in the first quarter of 1990. But, if figures compiled by Euromoney Loanware, an industry publication, are to be taken at face value, industry activity has indeed plummetted over the past three months.

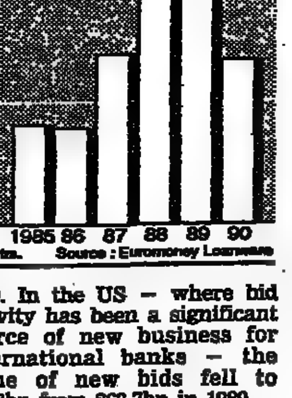
According to Euromoney, syndicated loan volume totalled $66.28bn for a total of 421 deals in the first quarter, less than half the level of the year-ago quarter and the lowest level of loan activity since the first quarter of 1986. By comparison, in 1989, the first quarter saw 729 deals totalling $138.84bn.

As in previous years, US commercial banks dominated the top 10 arrangers of syndicated credits in 1990, with Citicorp retaining its lead position. However, S.G. Warburg has moved up to sixth place from 12th place a year ago, while Société Générale has moved up to ninth place, displacing Credit Suisse First Boston which has fallen to 23rd place.

But it is the sharp fall-off in loan volume that is the most compelling aspect of the first quarter's lending league table. In addition to sharply rising interest rates in virtually every currency, loan demand has been tempered by a fall-off in the merger and acquisition activity that has historically fuelled demand for bank borrowings.

For instance, according to UK Mergers and Acquisitions International, the total value of completed bids for UK quoted companies fell to £4.02bn from £5.4bn in the first quarter of 1989. In the US – where bid activity has been a significant source of new business for international banks – the value of new bids fell to $59.3bn from $63.7bn in 1989.

Syndicated loan volume



Source: Euromoney Loanware

Also, the interest rate environment and the effects of international rules on bank capital adequacy have combined to make new loans more expensive than those of a few years ago, thus discouraging refinancings.

The data also support a trend that has so far been supported only by anecdotal evidence – that a large number of deals which have been launched are taking much longer to reach completion.

Euromoney's data show that an additional $28.28bn worth of loans launched in the first quarter are still in the syndication process. And while the numbers may be distorted by the fact that several very large deals were only announced in late March, bankers privately acknowledge the trend.

In explaining the development, bankers point to an increasing reluctance among their counterparts to participate in highly leveraged transactions in the aftermath of the collapse of Drexel Burnham Lambert. The new credit consciousness following several well-publicised junk bond defaults and difficulties in the key industries of real estate and property finance has also slowed the approval process for lenders wishing to join a deal.

However, data compiled by the Bank of England are expected to show a less gloomy view of the syndicated loan market. While their data have not been officially compiled, the Bank is expected to report lending volume in the first quarter of 1990 of about $40bn, roughly unchanged from the year-ago period.

The Bank believes that while merger and acquisition financing has probably eased somewhat from last year, it has not done so substantially.

The difference between the Bank's data and that of Euromoney may be explained by the way each of the institutions define the market. The Bank excludes loans of less than one year and does not include loans for borrowers raised in the home currency.

The Bank relies heavily on published "tombstone" information announcing the completion of new credits, while Euromoney and other trade publications rely more heavily on informal market sources for data.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on April 2

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
B.F.C.E. 8⅛ 94	175	*†96½	96½	0	-0½	9.36
B.F.C.E. 9¼ 95	150	99⅛	99⅝	+0¼	-0⅛	9.32
Brit. Tel. Fin. 9⅛ 98	250	*†99⅞	99⅞	0	-0⅛	9.38
Canada 9 96	1000	99⅞	100⅛	0	-0⅛	9.02
C.C.C.E 9¼ 95	300	99⅛	100⅛	-0⅛	-0⅛	9.31
Cr.Local France 8⅞ 99	250	†95⅞	96⅛	-0⅛	-0⅛	9.47
Credit National 7⅞ 92	100	†96⅛	97⅛	+0⅛	0	9.09
Credit National 9½ 92	160	†100½	100⅞	+0⅛	-0⅛	9.20
Denmark 8¼ 94	150	*†95⅞	95⅞	0	-0⅛	9.42
E.E.C. 7 91	100	†96½	97	+0⅛	-0⅛	9.14
E.E.C. 10 93	140	†101⅞	102	0	-0⅛	9.30
E.I.B. 8⅛ 99	150	†94⅛	95	+0⅛	-0⅛	9.34
Eurofima 10⅛ 93	100	†102	102⅛	0	-0⅛	9.27
Elec. De France 9⅛ 99	200	†100	100½	-0⅛	-0⅛	9.45
Euro.Credit Card Trt. 9 95	750	†97⅛	98⅛	0	+0⅛	9.55
Finland 9 96	250	98⅛	98⅝	-0⅛	-0⅛	9.35
Finn.Exp.Cd. 8⅛ 92	200	†98⅛	98⅞	-0⅛	-0⅛	9.29
Finn. Exp. Cd. 9⅛ 95	200	†99⅛	99⅞	-0⅛	-0⅛	9.44
Ford Motor Credit 8 91	250	*†98⅛	98⅝	0	-0⅛	0.10
G.E.C.C. 10⅛ 91	300	†101⅞	102	+0⅛	+0⅛	0.09
G.M.A.C. 8⅛ 94	500	*†96⅛	96⅛	0	-0⅛	9.62
G.M.A.C. 9 96	300	96⅛	97⅛	-0⅛	-0⅞	9.67
Gen.Mtrs.Corp. 9⅛ 92	200	*†99⅛	99⅛	0	-0⅛	9.46
Honda 9⅝ 97	300	†99	99½	0	-0⅛	9.77
IBM Credit Corp. 8⅛ 92	400	†98⅛	99⅛	+0⅛	-0⅛	9.03
IBM Credit Corp. 8⅞ 91	250	†99	99½	0	0	9.34
IBM Credit Corp. 9 92	250	†99⅛	99⅞	0	-0⅛	9.14
IBM Credit Corp. 9⅛ 92	250	100⅛	100⅞	0	-0⅛	9.10
Italy 8½ 94	1500	†96⅞	97⅛	+0⅛	-0⅛	9.27
Italy 9½ 95	1000	100⅛	101	0	-0⅛	9.33
Italy 9⅝ 99	1000	100⅞	101⅛	-0⅛	-0⅛	9.45
Koh C. W/W 4⅛ 95	1000	†92½	94	-1	-3½	6.50
Japan Dev. Bank 10 96	200	†102½	103	0	-0⅛	9.38
KFW Intl. Fin. 9 94	300	†98⅞	99⅛	+0⅛	-0⅛	9.22
L.T.C.B. of Japan 8⅛ 96	200	95⅛	96⅛	-0⅛	-0⅛	9.59
L.T.C.B. of Japan 9⅛ 92	200	†99⅛	99⅞	0	-0⅛	9.49
New Zealand 9 94	850	†98	98½	+0⅛	-0⅛	9.47
Nippon Tel.&Tel. 8⅛ 96	200	†95⅞	95⅞	+0⅛	-0⅞	9.39
Nippon Tel.&Tel. 9⅛ 95	250	99⅛	99⅞	-0⅛	-0⅛	9.45
Norway 8⅛ 93	500	†98⅞	99⅛	0	-0⅛	9.09
Oesters Kontbk. 9⅛ 94	350	*†99⅞	99⅞	0	-0⅛	9.47
Sumitomo Corp. W/W 4 93	1500	†97	98½	-2	-4⅛	4.76
Sweden 8⅛ 96	200	97½	98	0	-0½	9.26
Toyota Mtr.Corp. W/W 4 93	1500	†96½	98	-0½	-1⅞	4.95
Victorian Rep 11⅛ 92	150	†103⅛	104⅛	+0⅛	0	9.39
Union Bk. Switz. 9⅛ 02	225	†96½	97	-0⅛	-1⅛	9.59
World Bank 8⅞ 99	1500	†95⅞	96⅛	-0⅛	-0⅛	8.87
World Bank 9 97	300	*†98⅞	98⅞	0	-0⅛	9.22
World Bank 9 93	300	99⅞	100⅛	0	-0⅛	9.02
World Bank 9⅛ 98	300	*†100	100	0	+0⅛	9.23
World Bank 9⅝ 99	800	101⅛	101⅝	-0⅛	-0⅛	9.36
World Bank 9⅝ 96	300	*†102⅛	102⅛	0	0	9.27

Average price change... On day -0⅛ on week -0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 6 94	200	†88⅛	89⅛	+0⅛	+0⅞	8.95
Austria 6⅛ 99	750	*†87⅞	87⅞	0	+0⅝	8.74
Bk. Frgn. Econ. USSR 7 96	750	*†88⅛	88⅛	0	-0⅛	9.61
Bank of Tokyo 5⅛ 93	100	†92½	93	+0⅛	+0⅛	8.67
Commerzbank o/s. 5⅜ 93	300	†91⅞	91⅞	+0⅛	+0⅛	8.90
Credit Foncier 6⅛ 99	500	*†87⅞	87⅞	0	+⅛	8.77
E.I.B. 6⅛ 99	600	†84⅞	85⅛	+0⅛	+1⅛	8.73
E.I.B. 6½ 99	300	*†85⅝	85⅝	0	+0⅛	8.90
E.I.B. 6⅛ 96	600	†90	90⅛	+0⅛	+0⅛	8.77
E.I.B. 6⅞ 95	300	†91⅛	91⅝	+0⅛	+0⅛	8.87
E.I.B. 8 2000	500	†97½	98	+0⅛	+1⅛	8.34
Euro.Coal & Steel 7⅛ 94	100	*†96½	96½	0	+0⅛	8.67
Eurofima 6⅛ 96	100	†87⅛	87⅞	+0⅛	+1⅛	8.95
Elec De France 5⅛ 97	300	†83⅛	83⅞	+0⅛	+1⅛	8.94
Hydro-Quebec 6⅛ 99	300	*†87⅞	87⅞	0	+1⅛	8.77
Japan Dev. Bk. 5⅛ 95	300	†85⅛	85⅞	+0⅛	+0⅝	9.06
Japan Finance 5⅛ 97	100	†83⅛	83⅞	+0⅛	+0⅞	9.07
I.A.D.B. 7⅛ 99	300	†90⅛	91⅛	+0⅛	+1⅛	8.70
Ireland 6½ 97	300	†86½	87	0	+0⅛	9.12
Ireland 7⅛ 99	500	†89½	90	+0⅛	+1⅛	8.92
Malaysia 6⅛ 94	150	†90⅛	91⅛	0	0	8.87
Nat. West Bk. PLC 6 98	300	†83⅛	83⅞	+1	+1⅞	8.95
Nippon Telg.&Tel. 6 95	400	†86⅞	87⅛	-0⅛	+0⅛	9.15
Oesters. Kontbk. 5 93	300	†90⅛	90⅝	0	+0⅛	8.99
Portugal 5⅛ 92	150	†93	93½	+0⅛	-0⅛	9.06
Portugal 6⅞ 95	150	†89⅝	90⅛	+0⅝	+0⅛	9.09
Royal Insurance 5½ 92	300	†94	94½	+0⅛	+1⅛	8.72
Turkey 6⅞ 95	500	†87⅛	87⅞	-0⅛	0	9.71
Union Bk.Finland 5½ 94	200	*†88⅛	88⅛	0	-0½	9.34
World Bank 6 98	500	*†83⅛	83⅛	0	+0½	8.89
World Bank 6⅛ 97	600	†85⅞	86⅛	+0⅛	+0½	8.91
World Bank 6⅛ 99	600	†87½	88	+0⅛	+1⅛	8.71

Average price change... On day +0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5 96	150	†83¾	84¼	+0⅛	-0¼	8.35
Asfinag 5 03	100	†80	80½	+0⅝	-0¼	7.36
B.F.C.E. 4½ 98	200	†83¼	83¾	+0¼	0	7.21
B.M.W.Fin.Neth. 5 13	150	†74	76	+1⅞	+1⅞	7.26
Britannia B/S. 4¼ 94	100	†85	85½	+0⅛	-0¼	8.58
CIR. Int. W/W 3 93	125	†84	84½	+0⅛	+1⅞	8.68
Credit Lyonnais 4¾ 00	100	†78	79½	0	+0¼	7.86
E.I.B 4⅝ 98	150	†81¾	82¼	-0⅛	-0½	7.65
Finn. Exp. Cd. 8¼ 92	75	†96	96½	0	0	9.97
Fletcher Chall. 4⅞ 98	150	†75	75½	+0¼	+0⅛	9.40
I.A.D.B. 6 2004	200	†87	87½	+0¼	-1¼	7.47
Kobe City 4⅝ 98	150	†82½	83¼	+0⅛	-0⅛	7.47
Leeds Perm. B/S. 4⅛ 93	200	†86¾	87	—	—	9.28
Malaysia 5¼ 98	100	†83½	84	+0⅝	+0⅝	8.01
Maxwell Comm.Crp. 5 95	150	†82	82½	-0¼	0	9.46
Nat.Bk. Hungary 5½ 94	75	†83½	84½	-0¼	-1	9.89
Nationwide Ang.B/S. 4 93	200	†86½	87½	+0¼	+0⅛	8.82
Prov. Newfoundland 5 03	150	†79	80	0	0	7.43
Thailand 4⅝ 95	200	†85	87	+0½	0	7.97
World Bank 5 03	150	†79¼	80	+0⅝	-1⅞	7.46

Average price change... On day +0⅛ on week -0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6½ 91	80	98¼	99	+0¼	+0¼	0.07
Canada 5⅝ 93	80	95	95¼	0	+0¼	7.32
Cr.Local France 6¼ 94	300	94⅝	94⅞	0	0	6.72
Denmark 6¼ 95	300	94¼	95	0	+0¼	6.71
E.I.B. 4⅝ 93	30	93¼	94	0	0	7.28
Norway 5¼ 95	50	91	91¼	+0¼	0	7.30
Sweden 4⅝ 93	50	92⅛	92⅞	0	+0¼	7.40
World Bank 5¼ 98	10	86¼	86⅞	0	0	7.41
World Bank 7 94	20	98½	99	+0¼	-0¼	7.36

Average price change... On day +0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. 10¼ 94 C$	150	—	—	—	—	—
Abbey Nat. 11⅝ 93 £	100	92⅞	93⅜	0	0	14.71
Aegon 7¼ 92 FL	100	97⅞	98¼	-0⅛	-0⅛	8.08
Alg. Bk. Ned. 5¼ 95 FL	200	91	91½	+0⅛	+0⅝	9.27
Austria 7⅛ 94 ECU	100	89½	90	0	+0⅛	10.80
Barclays Aus. 13½ 91 A$	100	97¼	97⅞	-0⅛	-0⅛	15.26
Bell Canada 10⅝ 04 C$	200	90⅛	90⅝	—	—	12.30
BP.Capital 9¼ 93 £	100	88¾	89	0	0	14.60
British Airways 10 98 £	100	82⅛	82⅞	0	-0⅛	13.81
Brit. Telecom 9½ 93 £	150	†88	89	+0⅛	+0⅛	14.56
Comm.Bk.Aust. 12⅞ 93A$	100	†94⅛	94⅞	-0⅛	-0⅛	14.84
Comm.Bk.Aus. 13⅛ 94 NZ$	60	101½	102⅞	+0⅛	+0⅛	13.06
Credit Foncier 9 96 Ecu	100	92½	93	+0⅛	+0⅛	10.62
CrLocalFrance 9¼ 92Ecu	100	*†97⅛	97⅛	0	+0⅛	10.47
CrLocalFran.10¼ 95 Ecu	225	98⅛	98⅝	0	+0⅛	10.64
Deut.Bk.Aus. 13¼ 93 A$	125	97⅛	97⅞	-0⅛	-0⅛	14.27
Deutsche Bk.Fin. 15 94 A$	100	101⅞	102	-0⅛	-0⅛	14.42
Elec.De France 9¾ 99C$	150	85⅞	86⅛	-0⅛	-1⅛	12.34
E.I.B. 7 96 LFr	100	89½	90	+0⅛	+0⅛	9.36
E.I.B. 7¼ 99 FL	150	89⅞	90	+0⅛	+1⅛	8.76
E.I.B. 9 99 Ecu	150	91½	92	0	-0⅛	10.45
E.I.B. 10 97 Ecu	800	97⅛	97⅞	0	+0⅛	10.46
Eurofima 7⅝ 94 Ecu	100	90⅞	91⅛	+0⅛	+0⅛	10.59
Fed.Bus.Dv.Bk.9⅞ 92 C$	75	†93⅞	94⅝	0	-0⅛	12.97
Ford Cr.Can.10⅛ 93 C$	100	†95⅛	96⅛	0	-0⅛	12.52
Ford Cred.Can.10⅞ 96C$	125	91⅝	92	-0⅛	-1⅛	12.97
Ford Cred.Fund.10⅛ 93£	60	89⅛	89⅞	+0⅛	+0⅛	14.68
G.M.A.C.Canada 11 3/4 94C$	100	96	96⅛	-0⅛	-1⅛	13.03
Heineken 7⅝ 94 FL	150	95⅛	96⅛	-0⅛	-0⅛	8.11
Hydro-Quebec 11 99 C$	400	92⅛	93	+0⅛	-1⅛	12.35
Lloyds Bank 10⅛ 98 £	150	82⅛	82⅞	-0⅛	-0⅛	14.07
Lloyds Bank 11⅛ 98 £	100	†86⅞	87⅛	-0⅛	-0⅛	14.02
Nat. Aus. Bk. 14¼ 94A$	100	100⅛	100⅝	-0⅛	-0⅛	14.58
New Zealand 9½ 93 £	100	87⅞	88⅞	0	-0⅛	14.60
O.E.K.B. 10⅛ 99 C$	150	88⅛	89	0	-1⅛	12.32
Royal Bk.Scot.10⅝ 98 £	125	84⅛	84⅝	-0⅛	-0⅛	14.05
Saskatchewan 10⅛ 93 C$	200	92⅛	93⅛	-0⅛	-⅛	12.73
State Bk.NSW. 13⅛ 93A$	100	97⅞	98⅛	+0⅛	0	14.59
Sweden 7½ 93 Ecu	250	91	91½	+0⅛	+0⅛	10.50
Sweden 15 94 A$	150	102	102⅞	-0⅛	-0⅛	14.25
Toyota Mtr.Cr.10⅛ 94C$	150	91½	92⅛	-0⅛	-1⅛	12.79
Toyota Mtr.Cr.11⅛ 92C$	150	97⅛	97⅞	-0⅛	-0⅛	12.80
World Bank 7⅛ 99 FL	300	—	—	—	—	—
World Bank 9⅛ 95 Ecu	100	95⅛	96	-0⅛	-0⅛	10.64
World Bank 10⅞ 94 £	200	†89⅛	90⅛	+0⅛	-0⅛	14.03
World Bank 13⅛ 92 A$	100	98⅞	99⅛	-0⅛	-0½	13.88
World Bank 14⅛ 94 A$	75	99⅞	100⅛	-0⅛	-0⅛	14.22
Zentrspk. 13⅛ 93 A$	75	†97⅞	98⅛	+0⅛	+0⅛	13.93

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic.Bld 94 £	.08	99.85	99.90	24/04	15.33
Bank of Greece 99 US	10¼	98.37	98.62	8/03	9¼
Belgium 91 US	0	99.96	100.06	21/08	8.32
Chelt.& Gloucester 94 £	.063	99.75	99.80	31/05	15¼
Credit Foncier 98 US	.063	99.65	99.75	20/04	8.31
Dresdner Finance 99 DM	†.031	100.17	100.27	28/04	6.97
EEC 3 92 DM	10	100.42	100.52	21/08	9
Halifax BS 94 £	.1	99.99	100.04	9/05	15.22
Invt. In Industry 94 £	0⅛	99.94	100.03	17/04	15½
Leeds Perm. B/S. 94 £	0⅛	100.07	100.12	17/04	15.37
Milk Mkt. Brd. 5 93 £	0⅛	99.89	99.94	29/03	15¼
New Zealand 5 97 £	.07	99.95	100.05	22/05	15.06
Northern Rock 92 £	0½	99.80	99.85	30/04	15.18
State Bk. Nsw. 98 US	.188	99.55	99.80	14/08	8.56
Woolwich Equit.BS. 93 £	0⅛	100.00	100.06	17/04	15.37
Woolwich 5 95 £	0⅛	99.95	100.00	22/05	15¼

Average price change... On day +0.01 on week -0.01

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US	8/87	62.	109¼	110¼	-1⅛	5.09
Amer. Brands 5¼ 05 US	4/90	79.	99⅞	100¼	-0¼	21.57
Asda 4¼ 02 £	3/87	1.64	101⅞	102⅞	-0¼	55.95
CBS. Inc. 5 02 US	4/87	200.	95¼	96¼	+0¼	8.12
CRH Capital 5¼ 05 US	†4/90	3.32	98½	99½	+0¼	-96.69
Dai-Ichi Kan. 3⅞ 04 US	7/89	3486.	71¼	72¼	-0½	16.70
Daiwa Bank 3⅞ 95 US	2/90	1628.	85⅞	86⅞	-1⅞	2.31
Primerica 5½ 02 US	4/87	66.75	71	72	-0¼	73.55
Eng.China Clay 6½ 03 £	9/88	4.8	84	85	-0½	6.46
Fujitsu 3 99 US	†5/84	1106.	183	184	-7	-4.49
Ladbroke Grp. 5⅛ 04 £	6/89	3.55	96⅞	97⅞	-0⅛	13.71
Land Secs. 6⅛ 02 £	6/87	6.72	80⅛	81½	+0⅞	11.48
Minolta Camera 2¼ 94DM	†2/86	1004.	94½	95½	-0¼	14.67
MCA Inc 5½ 02 US	†9/87	69.62	89¾	90¼	-0¼	23.21
Mitsubishi Bk. 3½ 04US	5/89	3266.	64⅞	65⅞	-6⅝	1.78
Next Plc 5¼ 03 £	11/87	4.3	96½	97½	+0¼	343.72
Nishi Nipp.Bk.2⅞ 03 US	*†4/88	804.	121⅛	121⅛	0	-2.21
Omnicom Inc. 6 1/2% 04 US	7/89	28.	101⅞	102⅞	0	21.98
Omron Tateisi 2⅞ 02 US	†4/87	1310.	216	217	-7½	0.43
Ranks Hovis 4¾ 03 £	†1/88	3.5	—	—	—	—
Redland 7¼ 02 £	†1/87	5.4	101	102	-1⅞	3.22
Saatchi&Saatchi 6¾ 03 £	*†10/89	4.41	—	—	—	—
Sumitomo Bank 3¼ 04 US	2/89	3897.	57½	58½	-4⅞	7.20
Texas Inst. 2⅞ 02 US	9/87	82.87	75⅞	76⅝	-0⅞	73.47
Utd.N'papers 8 04 £	10/89	8.77	128⅝	129⅝	-0⅝	224.29
W.R. Grace 6¼ 02 US	9/87	42.12	87⅝	88⅝	-0¼	25.84

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The prices over the past week were supplied by: Bankers Trust International; Kredietbank N.V.; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Bank Generale du Luxembourg SA; Bank Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring & Pierson; Credit Suisse; Bank of Tokyo International; Chemical Bank International; Citicorp International Bank; Daiwa Europe NV; LTCB International; Robert Flemming & Co; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Merrill Lynch; Morgan Stanley International; Nikko Securities Company (Europe); Nomura International; Samuel Montagu & Co.; Societe Generale Strauss Turnbull; State Bank of Victoria; Swiss Bank Corporation; UBS-Phillips & Drew; S.G. Warburg Securities

INTERNATIONAL CAPITAL MARKETS

German bonds rally with approval of exchange rate

By Deborah Hargreaves in London and Janet Bush in New York

IT WAS the Liffe futures contract that led the German Government bond market higher yesterday in a rally inspired by the Bundesbank's endorsement of a 2:1 exchange rate for East German Marks. The cash market was fixed 10 pfennigs higher at 95.75 for the 7¾ per cent 2000 bund with a yield of 8.39 per cent.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		10.000	4/93	91-27	+02/32	13.36	13.39	12.99
		10.500	5/99	89-19	+08/32	12.42	12.43	11.99
		9.000	10/08	81-20	+07/32	11.40	11.36	10.98
US TREASURY *		8.500	02/00	99-05	+01/32	8.63	8.47	8.53
		8.500	02/20	98-25	+04/32	8.61	8.44	8.54
JAPAN	No 119	4.800	6/99	86.1736	+0.145	7.31	7.17	7.15
	No 2	5.700	3/07	87.8713	-0.133	7.30	7.04	6.79
GERMANY		7.125	12/99	92.0700	+0.220	8.34	8.48	8.88
FRANCE	BTAN	9.000	02/95	96.0352	+0.252	10.05	10.34	10.71
	OAT	8.500	03/00	93.6800	+0.180	9.50	9.70	10.25
CANADA *		9.250	12/99	88.5000	-0.150	11.23	10.80	10.85
NETHERLANDS		7.750	01/00	94.3300	+0.120	8.62	8.75	9.15
AUSTRALIA		12.000	7/99	91.8190	-0.686	13.56	13.38	13.56

London closing; *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

GOVERNMENT BONDS

But prices in both the cash and futures markets eased as the German Government said it had not yet decided on an exchange rate. Futures traders believed the increase in prices which took yields for the June contract to the 8.36 per cent level, had happened too quickly and expect some consolidation in these prices. This could lead to a decline later this week.

The French OAT market is currently yielding around 122 basis points over 10-year Bunds as the market continues to perform well. The bond market remained unsurprised by the Bank of France's cut in the intervention rate yesterday and the 8.5 per cent OAT maturing in 2003 rose to 93.68 with a yield of 9.5 per cent.

The spread between the French and German markets could test the 100 basis-point level and go below it in coming months if the French market continues its uphill track.

The West German Government announced details of its 10-year floating-rate note yesterday – the first floating rate issued by Bonn. The Government allotted DM4.16bn to the FRN, which is set at three-month Frankfurt interbank offered rate less 25 basis points. The new issue was trading close to its launch price of 99.95 since its terms came out in line with dealers' expectations.

■ THE UK gilts market defied expectations yesterday when it staged a minor rally after the weekend riots in London amid continuing uncertainty about the imposition of the UK Government's poll tax. Sterling was hit heavily on the early foreign exchange markets, but later recovered some losses.

It was the staunch performance of the pound that lent resilience to UK gilts where the June long futures contract closed at 81⅞ from Friday's close of 81¼. The pound was weaker at the close of trading than it had been on Friday with the Bank of England's trade-weighted index at 87.4 from 87.9, but it recovered from a low in the day of 87.

It was an extremely quiet day for UK Government bonds where just a small spurt of buying was enough to push up prices.

■ JAPANESE Government bond prices plunged yesterday in line with the equity market fall to yield 7.43 per cent. But as intervention by the Bank of Japan supported the yen and led to a slightly firmer currency, bonds recovered to a yield of 7.31 per cent as the market closed in Tokyo.

London trading in Japanese bonds was thin and in a sideways direction as uncertainty continues to dominate the market in advance of the Group of Seven meeting at the weekend.

■ US TREASURY bonds moved modestly higher yesterday morning on the back of a strong dollar and a modest flight to quality due to continuing turmoil in Tokyo which outweighed a stronger than expected US purchasing managers' report for March.

At midsession, medium-dated maturities were outperforming other areas of the spectrum with gains of as much as ¼ point. The Treasury's benchmark long bond was quoted ⅛ point higher for a yield of 8.61 per cent.

To a large extent, the bond market had discounted a strong purchasing managers' survey because of last Friday's news of robustness from purchasing managers in the Chicago area. Although the nationwide purchasing managers' index rose to 48.8 per cent from 48.3 per cent, roughly in line with expectations, some of the elements of the report were stronger than the bond market would have liked.

Notably, the prices index rose to 48.2 per cent from 42.2 per cent in February and the production index jumped to 54.4 per cent, its highest level since April 1989.

The picture painted by this latest report appeared to lend some justification for the tendency towards tightening monetary policy seen in the minutes of the Federal Open Market Committee meeting before the one last week. These showed that only one member leant towards further easing and several were leaning towards tightening.

The bond market's resilience yesterday morning partly reflected last week's relatively sharp falls. The market is also being insulated by continuing strength in the dollar which was quoted as high as Y160.30 during the New York session before profit-taking took it down to Y158.75.

Fierce bidding brings tight price for EC deal

Norma Cohen

THE European Community issued its widely-expected Ecu-denominated Eurobond yesterday with pricing that quite distinctly showed the fierce bidding that had occurred for the mandate. The issue's performance was in stark contrast to a mammoth Ecu1bn issue for Italy launched on Friday now trading above its issue price.

The EC, via Paribas Capital Markets and Swiss Bank Corporation, issued a Ecu350m five-year Eurobond bearing a coupon of 10⅝ per cent and priced at 101.60 per cent. If sold at a discount equal to full fees, the bonds yield 10.67 per cent – 10 basis points below the 10-year deal for Italy. The EC's funds were said to have been swapped into floating rate Ecu with proceeds to be used to finance economic reconstruction in Hungary.

However, dealers comparing the pricing of the two deals note that the Ecu, like other currencies, is experiencing an inverted yield curve that makes long term funds somewhat cheaper than short-term money. Therefore, the Italy deal becomes even more attractive when compared with the EC deal.

Trading levels reflected this. By the close of trading yesterday, the EC was trading at a discount equal to full fees with a support bid said to have been provided by lead managers.

The lead managers, meanwhile, acknowledged that pricing may have been aggressive, but said they were content to hold bonds until investors emerged, and added that relative to other securities, the bonds were fairly priced.

Meanwhile, capitalising on the recent market appetite for floating rate debt, Instituto de Credito Oficial, a Spanish government-controlled medium and long-term lending agency, tapped the markets with a $250m two-year deal. The issue, lead managed by Credit Suisse First Boston, pays interest at 2½ basis points under the London interbank bid rate and was priced at 99.88 for an effective yield of five basis points over Libid.

It was the first official Spanish issuer to tap the Eurobond markets since Renfe, the railway system, issued bonds in November 1986.

Dealers noted that while the sub-libid coupon may put some investors off, the actual yield is exactly that of Renfe's outstanding bonds. Co-managers said they were able to dispose of paper.

Separately, Sivensa Steel Investment became the first Venezuelan borrower to raise new money in the Eurobond markets since the start of the Third World debt crisis in 1982.

The borrower is a special purpose subsidiary of Venezuela's largest iron and steel producer.

Sivensa issued a $40m five-year bond which begins amortising in its last three years, giving it an average life of 3½ years.

The bonds carry a coupon of 1⅛ over Libor, but at an issue price of 84.38 per cent, yield 7.42 percentage points over Libor. Lead manager Credit Suisse First Boston has pointed out that while Latin American debtors have been forced repeatedly to reschedule their bank loans, they have never defaulted on publicly traded bonds.

In France, Caisse National des Telecommunications issued a FFr1bn 10-year bond bearing a coupon of 10 per cent and priced at 101⅞ per cent to yield 48 basis points over comparable maturity OAT government bonds. Lead manager is Crédit Commercial de France.

The French markets today are expected to see the launch of the second asset-backed deal since legislation was enacted making the securities possible. Crédit Lyonnais and Bear Stearns will launch a FFr1bn two-tranche deal backed by domestic consumer loans and having an average life of 1½ years.

The senior debt tranche of the securities – totalling FFr875 – will be priced to yield 60 basis points over the 8 per cent BTAN due 1991. There will also be a subordinated tranche of securities totalling FFr125m which will act as an insurance policy if loans backing the senior tranche do not pay off.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Instituto Credito Oficial(a)‡◆	250	-2½bp	99.88	1992	17bp	CSFB
Sivensa Steel Invest.(b)‡◆	40	1⅛	84.38	1995	2½	CSFB
ECUs						
EEC(c)◆	350	10⅝	101.60	1995	1⅞/1⅛	Paribas Capital Markets
FRENCH FRANCS						
Caisse National Telecomm.◆	1bn	10	101⅞	2000	2	Credit Comm. de France
AUSTRALIAN DOLLARS						
Credit Lyonnais Australia(c)◆	50	15½	101.95	1992	1¾/¾	Hambros Bank

‡Floating rate notes. ◆Final terms. a) Coupon pays 2½bp under 6-month Libid. Fixed re-offer price. Non-callable. b) Coupon pays 1⅛% over 6-month Libor. Call from April 1991 at 89.28 and thereafter at price equal to respective percentages of the principal amount outstanding. c) Non-callable.

SEC ready to approve rule 144a

By Deborah Hargreaves

THE Securities and Exchange Commission, the US securities regulator, has indicated it is ready to approve the controversial rule 144a with its scheduling of an open meeting for April 19.

The rule which has been under discussion for more than two years, will create a sophisticated private placement market for bonds and equities in the US.

The new rules will mean the US will take a much wider role in international capital flows and be in a position to gain more from the globalisation of the financial markets, according to Mr Curtis Welling, managing director at Credit Suisse First Boston, the US investment bank.

The SEC's decision to go ahead with the rule, which will create a two-tier market-place for equities, has faced some criticism from US brokers who believe the new private placement market will detract from the public market. The private placement market that will operate under rule 144a will exclude investors with less than $50 to $100m in net assets.

One effect of the new rule will be to put pressure on the New York Stock Exchange (NYSE) to reform its own trading systems, Mr Welling believes. The National Association of Securities Dealer's Automated Quotation system (Nasdaq) is proposing an electronic system called Portal for trading private placements, and the American Stock Exchange is considering developing a similar system called Situs, but the NYSE has yet to broach any proposals.

At a conference on rule 144a organised by Equity International and sponsored by Nasdaq last Friday, delegates stressed the importance the new market would have for international offerings of equities and bonds. Foreign companies will be able to place their shares much more easily in the US without having to adhere to the onerous US accounting rules.

Rule 144a will provide much greater liquidity to the private placement market by sanctioning the trading of these equities between institutions. Its growth has been hampered in the past by SEC restrictions and the confusion which has surrounded regulation of private placements.

The market is not likely to take off overnight. It could be some time before US institutions become accustomed to investing in foreign companies about which they have little information.

Companies looking to place shares in the market should expect a good deal of flow-back at first, since the market could take some time to evolve.

Quebec regulator seeks more disciplinary powers

By Robert Gibbens in Montreal

THE QUEBEC Securities Commission is seeking tougher disciplinary powers, including the right to impose fines and arbitrate securities industry disputes, says Mr Paul Fortugno, who recently took over as chairman from Mr Paul Guy.

Securities regulation is a provincial responsibility in Canada, and the Ontario and Quebec Securities Commissions leads in efforts to tighten standards. Present Quebec legislation does not allow the commission to impose fines.

Mr Fortugno said he sought more stringent disclosure rules for securities issuers and for operations by real estate limited partnerships.

When infractions of the Quebec Securities Act are not serious enough to warrant criminal charges, the commission can now either issue a reprimand, suspend or revoke a broker's licence or halt trading in a specific issue.

Japanese in Y320bn CP launch

THIRTEEN Japanese securities houses launched a total of Y320bn in commercial paper (CP) issues today, the first time they have issued their own CP, Reuter reports from Tokyo.

Of the total, Japan's big four – Nomura Securities, Daiwa Securities, Yamaichi Securities and Nikko Securities – issued a total of Y220bn. The issues follow a Ministry of Finance deregulation allowing brokers to issue CP for short-term financing of operations. Such CP issues are limited to a maximum of half the worth of the share inventory of each broker.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Monday April 2 1990: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Fri Mar 30: Index No.	Thu Mar 29: Index No.	Wed Mar 28: Index No.	Year ago (approx): Index No.
1 CAPITAL GOODS (201)	842.17	-0.9	13.83	5.32	8.81	9.07	849.94	854.28	858.60	946.12
2 Building Materials (27)	1022.07	-1.2	15.53	5.66	8.01	3.29	1034.36	1042.31	1052.07	1202.33
3 Contracting, Construction (37)	1381.12	-0.9	17.74	5.82	7.36	13.63	1393.88	1401.61	1406.87	1734.55
4 Electricals (10)	2437.15	-0.8	11.99	5.49	10.31	1.41	2456.11	2468.68	2471.73	2754.62
5 Electronics (29)	1767.31	-0.9	10.25	4.19	12.65	16.80	1783.11	1800.24	1814.36	2119.34
6 Engineering-Aerospace (8)	427.90	-1.5	15.63	5.40	7.87	7.69	434.23	438.80	436.71	0.00
7 Engineering-General (43)	463.84	-0.5	12.26	5.34	9.82	5.16	466.35	465.45	463.80	0.00
8 Metals and Metal Forming (6)	478.55	-2.0	24.59	6.51	4.59	0.53	488.26	479.55	487.74	536.25
9 Motors (16)	345.32	-0.5	15.06	6.45	7.81	5.74	347.21	348.06	349.43	307.61
10 Other Industrial Materials (25)	1549.13	-0.6	11.57	5.12	10.07	27.90	1558.93	1570.53	1578.12	1596.38
21 CONSUMER GROUP (176)	1208.63	-0.9	9.84	4.07	12.68	6.08	1219.23	1222.48	1228.70	1176.57
22 Brewers and Distillers (21)	1414.53	-1.1	10.25	3.89	12.05	6.57	1430.19	1439.87	1454.45	1278.39
25 Food Manufacturing (20)	1048.09	-0.6	10.62	4.48	11.70	8.09	1054.50	1059.43	1062.42	1018.28
26 Food Retailing (16)	2214.61	-1.7	9.37	3.46	13.83	7.38	2251.86	2243.90	2252.99	2003.11
27 Health and Household (13)	2484.79	-0.1	7.27	2.79	16.42	14.72	2486.33	2514.93	2532.15	2230.10
29 Leisure (31)	1400.07	-1.6	10.13	4.38	12.19	6.96	1423.13	1420.27	1431.24	1614.89
31 Packaging & Paper (13)	569.32	-0.6	12.72	5.66	9.77	2.66	572.56	566.28	564.79	590.57
32 Publishing & Printing (16)	3260.40	-1.3	10.47	5.48	12.09	23.01	3303.75	3261.41	3233.59	3709.12
34 Stores (34)	742.59	-0.9	11.84	5.05	10.95	1.82	748.96	747.57	750.30	763.68
35 Textiles (12)	491.94	-0.9	13.58	7.18	9.27	0.59	496.37	494.26	496.29	517.34
40 OTHER GROUPS (105)	1129.04	-1.4	11.06	5.03	10.82	7.00	1144.88	1154.54	1157.13	1078.10
41 Agencies (17)	1575.76	-0.3	5.72	2.44	21.55	12.19	1580.93	1589.25	1561.91	1274.14
42 Chemicals (23)	1192.86	-0.6	12.28	5.52	9.48	22.72	1200.33	1211.63	1215.46	1225.50
43 Conglomerates (14)	1576.54	-1.0	10.27	6.20	11.46	5.78	1592.96	1608.39	1602.46	1521.30
44 Transport (13)	2195.99	-1.2	11.12	4.51	11.44	6.69	2221.60	2232.47	2239.25	2374.14
46 Telephone Networks (2)	1130.73	-2.6	11.23	4.53	11.58	0.00	1161.47	1177.29	1189.73	1129.21
47 Water (10)	1938.09	-0.4	17.98	6.99	6.16	0.00	1946.59	1936.57	1947.31	0.00
48 Miscellaneous (26)	1786.22	-1.7	10.26	4.64	11.01	18.00	1817.85	1832.19	1838.76	1504.98
49 INDUSTRIAL GROUP (482)	1105.43	-1.0	11.21	4.68	10.90	7.53	1117.10	1122.82	1127.50	1110.86
51 Oil & Gas (18)	2267.50	-1.4	11.00	5.32	12.00	35.47	2299.45	2321.50	2339.78	1983.03
59 500 SHARE INDEX (500)	1202.22	-1.1	11.18	4.77	11.05	9.71	1215.52	1222.52	1228.26	1184.99
61 FINANCIAL GROUP (111)	797.33	-0.7	–	5.65	–	12.54	803.36	802.29	802.08	741.84
62 Banks (9)	876.23	-1.3	19.15	6.10	6.82	24.14	888.06	889.93	889.68	725.59
65 Insurance (Life) (7)	1279.91	–	–	5.69	–	11.81	1280.51	1278.21	1279.81	1076.65
66 Insurance (Composite) (7)	646.80	-1.2	–	6.25	–	7.72	654.55	657.32	657.89	597.14
67 Insurance (Brokers) (7)	1027.16	+0.2	7.99	6.34	16.64	16.73	1025.31	1022.13	1021.97	957.73
68 Merchant Banks (7)	452.38	-1.2	–	4.22	–	4.27	457.95	460.51	458.06	331.05
69 Property (49)	1109.30	+0.3	8.20	3.96	15.47	1.88	1105.86	1089.53	1089.34	1322.59
70 Other Financial (25)	317.24	-0.5	14.34	7.02	9.09	2.89	318.85	318.99	318.06	349.68
71 Investment Trusts (67)	1130.56	-1.4	–	3.34	–	8.65	1146.31	1158.40	1158.85	1095.50
91 Overseas Traders (5)	1363.24	-2.8	9.85	6.71	12.26	31.27	1402.83	1411.98	1412.21	1393.17
99 ALL-SHARE INDEX (683)	1103.10	-1.1	–	4.88	–	10.30	1114.94	1120.33	1124.57	1076.51

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Mar 30	Mar 29	Mar 28	Mar 27	Mar 26	Year ago
FT-SE 100 SHARE INDEX◆	2221.6	-26.3	2224.5	2211.6	2247.9	2263.0	2275.0	2266.2	2298.2	2079.6

FIXED INTEREST

PRICE INDICES	Mon Apr 2	Day's change %	Fri Mar 30	xd adj. today	xd adj. 1990 to date
British Government					
1 Up to 5 years	112.73	+0.09	112.89	0.25	3.67
2 5-15 years	118.01	+0.04	117.96	–	3.00
3 Over 15 years	120.11	-0.09	120.21	–	4.16
4 Irredeemables	139.30	+0.23	138.99	–	1.51
5 All stocks	118.08	+0.04	118.12	0.09	3.43
Index-Linked					
6 Up to 5 years	141.05	+0.10	140.91	–	0.94
7 Over 5 years	132.66	-0.12	132.82	–	1.05
8 All stocks	133.18	-0.10	133.32	–	1.04
9 Debentures & Loans	95.92	+1.02	95.01	0.06	3.02
10 Preference	75.04	+0.04	75.01	–	1.92

AVERAGE GROSS REDEMPTION YIELDS		Mon Apr 2	Fri Mar 30	Year ago (approx.)
British Government				
1 Low Coupons	5 years	11.73	11.74	9.54
2	15 years	11.33	11.32	9.16
3	25 years	11.20	11.20	9.00
4 Medium Coupons	5 years	12.90	12.93	10.62
5	15 years	11.77	11.75	9.62
6	25 years	11.34	11.33	9.18
7 High Coupons	5 years	13.00	13.03	10.75
8	15 years	12.06	12.05	9.84
9	25 years	11.59	11.57	9.35
10 Irredeemables†		11.21	11.23	8.94
Index-Linked				
11 Inflation rate 5%	Up to 5yrs.	4.60	4.63	3.65
12 Inflation rate 5%	Over 5 yrs.	4.13	4.12	3.55
13 Inflation rate 10%	Up to 5 yrs.	3.63	3.65	2.75
14 Inflation rate 10%	Over 5 yrs.	3.96	3.95	3.38
15 Debs & Loans	5 years	15.68	15.59	12.10
16	15 years	14.25	14.31	11.50
17	25 years	13.50	13.66	10.93
18 Preference†		12.28	12.29	10.06

◆Opening index 2224.3; 9 am 2216.4; 10 am 2221.0; 11 am 2212.5; Noon 2214.8; 1 pm 2213.0; 2 pm 2213.5; 3 pm 2216.3; 4 pm 2220.8; 4.10 pm 2220.5; (a) 8.32am (b) 11.29am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p. NAME CHANGE: Blue Arrow (41) has become Manpower.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	41	34	22
Corporations, Dominion and Foreign Bonds	6	1	19
Industrials	168	718	707
Financial and Properties	62	361	291
Oils	21	35	36
Plantations	0	2	8
Mines	14	86	57
Others	82	71	98
Totals	394	1,308	1,238

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
§125	F.P.	–	120	116	ABI Leisure 10p	118		R4.7	3.3	5.3	7.7
§14	F.P.	–	17½	15	§ADG Group 5p	17½		R0.5	3.7	3.8	5.9
100	F.P.	–	97	85	Beta Global Emg. I.T.10p	86		–	–	–	–
–	F.P.	–	28	23	Do. Warrants	24		–	–	–	–
–	F.P.	–	266	251	Courtaulds Textiles	255	-6	W11.6	2.4	6.1	8.8
–	F.P.	–	4¼	1	Courtwell Group Wrrnts.	1		–	–	–	–
§148	F.P.	–	47	45	‡Dakota Group #25p	45	-1	uQ4.6%	4.0	2.4	10.9
‡	F.P.	–	140	135	F & C Germany Inv. Tst.	135	-3	–	–	–	–
–	F.P.	–	64	58	Do. Warrants	60		–	–	–	–
§100	F.P.	–	99	88	First Ireland Inv. 10p	98		–	–	–	–
–	F.P.	–	32	26	Do. Warrants	29		–	–	–	–
–	F.P.	–	49	36	First Philipine Inv. Tst.	40		–	–	–	–
–	F.P.	–	22	14	Do. Warrants	15		–	–	–	–
–	F.P.	–	14	7	Fisher (Albert) Wrnts.	9	-2	–	–	–	–
†	F.P.	–	560	486	Five Arrows Chile Fd	490	+4	–	–	–	–
†	F.P.	–	250	140	Do. Warrants	214	+1	–	–	–	–
100	F.P.	–	105	92	Gerrard Inv. Tst. 10p	92		2.0	1.0	2.6	–
–	F.P.	–	40	38½	Do. Warrants	39		–	–	–	–
100	F.P.	–	94	92	Henderson Highland Tst.	92	-1	R5.25	–	7.6	–
–	F.P.	–	28	25	Do. Warrants	25	-1	–	–	–	–
§100	F.P.	–	666	663	Hungarian Investment Tc.	664		–	–	–	–
–	F.P.	–	102	93	Martin Currie Euro. I.T.	101		–	–	–	–
–	F.P.	–	46	36	Do. Warrants	43		–	–	–	–
§108	F.P.	–	108	106	OS Hldgs. 10p	108		13.75	2.1	4.6	11.9
§	F.P.	–	567	520	Schroder Japanese Wrnt.	520	-11	–	–	–	–
§	F.P.	–	265	214	Do. Warrants	214	-21	–	–	–	–
§100	F.P.	–	97	95	Slam Select. Growth Tst.	96		–	–	–	–
–	F.P.	–	33	30	Do. Warrants	32		–	–	–	–
§610.5	F.P.	–	641	593	South East Asian Wrnts Ic.	600	+7	–	–	–	–
§155	F.P.	–	158	151	Tenby & Carlisle 5p	151		16.25	2.1	5.5	8.2

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price £	+ or -
–	F.P.	–	35p	28p	Courtwell Group 10½pc (Net) Cv.Cm.Pf	30p	+2
100p	25p	–	31pm	26pm	Reckitt & Colman 9.5pc Cv Bds 2005	27pm	
150	Nil	–	12pm	8pm	F & N Non-Int. Brg. Uns. Ln.	10pm	-2
100p	F.P.	–	100p	95p	Wyndham Group 9.375pc Cm.Pf	100p	+2
–	F.P.	–	55p	50p	Park Trust 3.5p (Net) Rd.Cv.Pf 20p	50p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+ or -
5	Nil	–	6pm	4pm	Alphameric 5p	4pm	
400	Nil	–	44pm	41pm	Castle Comms 5p	44pm	
$10	Nil	–	19½pm	12¼pm	Gaelic Resources	12¼pm	-1½
290	Nil	–	53pm	44pm	Leigh Interests 5p	50pm	+4
80	Nil	–	11pm	5pm	Life Sciences Intl 10p	10pm	-1
285	Nil	–	62pm	50pm	Simon Engineering	59pm	-1
150	Nil	–	16pm	11pm	Sorvely Industries	15pm	
25½	Nil	–	11pm	5pm	Waterford Wedgwood Units	5pm	-1

‡ Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ψ Issued by tender. § Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. * Third Market.

TRADITIONAL OPTIONS

● First Dealings April 2
● Last Dealings April 12
● Last Declarations July 5
● For settlement July 16

For rate indications see end of London Share Service

Calls in Amstrad, Tusker Res., Coloroll, De Beers, Next, Control Sec., Burton and Rutland Trust. Put in Rush & Tompkins.

LONDON TRADED OPTIONS

FT-SE 100 index futures and options were actively traded yesterday as investors reacted to the ripple which the sharp fall on the Tokyo markets sent out to equities around the world.

FT-SE futures set the tone for the day by opening lower and quickly shed its 15 point premium over the cash index. Within minutes the June contract was trading close to parity, pulling the cash market from its opening losses of 23 footsie points to down 35.

But dealers said that by that stage the futures market had become oversold and buyers started to appear at the lower levels. A brisk two-way market then developed and prices moved off their lows. Some jitters before Wall Street opened temporarily halted the recovery, though in the event, the losses in the US were not as great as had been feared, and by the close the market had moved back to within a few points of its opening levels.

The June futures contract stood at a premium of 23 points, posting a closing level of 2,243, down 17 points on the day. June traded a total of 8,026 lots, which made it one of the busiest days this year, and represented a turnover worth £450m. In options, dealing levels remained at the busier levels of last week, recorded in the run-up to the expiry of the March index contract.

FT-SE option index volume stood at 14,694 lots, compared with 11,268 lots on Friday. Yesterday's total was divided between 4,576 calls and 10,118 puts. April 2,250 puts were the busiest and traded a total of 1,641 lots. Of the larger trades James Capel sold 1,000 December 2,300 puts and bought 500 April 2,150 puts.

In the stock options, BP was the busiest, trading a total of 3,355 contracts. This was divided between 1,048 calls and 2,307 puts. The most active was the July 230 puts, which traded 1,020. Dealers noted one trade, involving the purchase of 1,000 July 330 puts at 15p, 16 and 17.

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Allid Lyons (*436)	420	25	37	32	5	14	18
	460	6	18	32	27	37	40
	500	1	7	18	67	70	72
ASDA (*104)	100	8	15	16	2½	5½	8
	110	3	7	9½	7	10	13
	120	1	5½	7	17	19	21
Brit. Airways (*200)	180	23	27	32	1	6	7
	200	8	13	20	5½	15	17
	220	2	6½	12	21	27	30

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Utd. Biscuits (*314)	300	21	34	44	4½	8	10½
	330	4	16	25	19½	23	25
Unilever (*659)	650	13½	38	61	15	23¼	26¼
	700	2	16	35½	58½	58½	60½
Ultramar (*364)	360	14	35	45	8	15	22
	390	5	18	30	30	33	35

Option		Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
Amstrad (*74)	70	10½	14	17½	5½	7	8
	80	5½	10	12½	10½	11	13
Barclays (*579)	550	52	67	85	10	14	17
	600	20	37	53	28	33	33
Blue Circle (*209)	200	16	22	28	7½	10	12
	220	6	12	19	21	22	25
British Gas (*211)	200	19	22	27	3	6	7
	220	8	10	15	11½	15	17

[illegible]

Substantial growth from aerospace boosts Lucas to 11% midway rise

By Jane Fuller

THE GROWTH in aerospace activities was the most important factor in the Lucas Industries' 11 per cent rise in pre-tax profits to £80.1m in the six months to January 31.

Aerospace sales increased by 32 per cent to £339m – out of a total of £1.16bn – and operating profit by 79 per cent to £32m. The UK nearly doubled its operating figure to £17.2m, the rest of Europe returned to profit and the contribution from other overseas activities, helped by North American acquisitions, rose to £11.8m (£9m).

Mr Tony Edwards, divisional head, said the first half of 1988-89 had seen considerable redundancy costs as the workforce was reduced from 9,000 to 6,000. Development spending had also been heavy.

With group sales increasing by more than 14 per cent and operating profit by 16 per cent, the pre-tax advance was trimmed by a doubling of interest costs to £8.9m.

In the automotive division, which had sales of £692.2m, the operating profit of £48m was more than £3m down on the corresponding period last year. Within this, the UK automotive contribution fell from £27.2m to £19.4m.

The picture was brighter in continental Europe, where automotive operating profit rose from £14m to £19.3m.

Mr Tony Gill, chairman, said that as a third of UK turnover was exported, less than 25 per cent of total sales were at home. But with about half of its production in the UK, the group was feeling inflationary pressures, particularly in terms of wages.

The industrial division, affected by difficult trading conditions in North America, made an operating profit of £9m (£7.8m) on sales of £149.8m (£140m).

As a result of acquisitions, the group's gearing would rise from 9 to about 15 per cent during the year, said Mr David Hankinson, finance director.

He expected the group to again make £10m property profit for the full year, although none was in the first half results.

Earnings per share, after an increased tax charge, rose by 11 per cent to 33.5p (30.1p). The interim dividend goes up by 20 per cent to 8.4p.

Mr Hankinson said it was proposed to split the £1 shares into four to make them cheaper for smaller investors. Of Lucas's 19,300 shareholders, 83 per cent were individuals.

Also there would be warrants to subscribe for ordinary shares at 180p between 1993-95, to be issued free on a one-for-ten basis. The new market for these – about 70m will be issued – would spread interest in the group to another section of the financial markets. The implication that the shares ought to be worth more than 180p each in three years' time was an expression of confidence in the future, he said.

See Lex

Tony Gill – feeling inflationary pressures, particularly in terms of wages

Grovewood bids for Early's

By John Thornhill

Grovewood Securities, the mini-conglomerate controlled by Mr David Holland, has made an offer for Early's of Witney which values the blanket maker at £13.17m.

The announcement met with a cautious response from Early's board, which said it would consider the approach but advised shareholders not to take any action in the meantime.

Grovewood, formerly Nash Industries, already owns 19.5 per cent of Early's shares and has also received irrevocable acceptance from Clayhithe, the finance and property group, which owns 29.9 per cent.

Terms of the offer are 225p cash for every Early's share. There is a partial share alternative of £54 cash and nine ordinary Grovewood shares for every 32 Early's shares, and also a loan note alternative.

In conjunction with the offer, Grovewood plans to raise £10.3m by way of a placing and offer of 6m shares.

Vard to get London listing

By Andrew Hill

VARD, the Norwegian cruise-line company, is hoping to expand its shareholder base by listing its shares in London.

Mr Jorn Eriksen, the group's president, said yesterday that the company had not decided whether the listing – planned for June – would coincide with an attempt to raise funds. UK investors already own about 25 per cent of the group's equity, which is valued at about £590m.

Vard, the seventh largest public company on the Oslo Stock Exchange, owns Royal Viking Line, Royal Cruise Line and Norwegian Cruise Line.

"We have developed this group to a certain level in Norway and we now have one of the five major cruise operations in the world: to secure that we have to ensure that we have the necessary capital base," said Mr Eriksen.

Apart from its worldwide cruise operations, Vard has a Baltic ferry operation – Larvik Line – and a financial services subsidiary, Finanshuset, which is heavily involved in corporate finance for Norway's shipping industry.

The whole group made NKr475m (£44m) before tax last year – more than double the previous year's figure.

Swedes gain control of LET

By John Thornhill

SPP, the Swedish insurance group, yesterday made a recommended offer for London & Edinburgh Trust, valuing the property company's fully diluted equity at about £500m.

The announcement came as little surprise as the bid had been leaked in the market last Friday and widely flagged in the weekend press.

But yesterday morning LET shares shot up 42p to 217p, just below the cash offer of 220p per share. Shareholders will also receive a second interim dividend of 3.5p.

SPP, which already owns 1.2 per cent of LET's ordinary shares, bought a further 20.1 per cent yesterday. It has also received irrevocable acceptances for 28.8 per cent giving it control of 50.02 per cent.

LET also announced that pre-tax profits for 1989 had climbed to £67.7m (£49.9m). Fully diluted earnings per share were 18.4p (14.6p) while fully diluted net assets per share grew by 24 per cent to 177p.

Laporte expands in the US via $40m acquisition

By Clare Pearson

LAPORTE, the speciality chemicals company, is building up its electronic chemicals and services division with the $39.8m (£24m) purchase of US-based Electrochemicals.

Electrochemicals will be a significant addition to Laporte's existing division, currently the smallest of the group, which last year contributed profits of £3.8m to a total of more than £100m.

The US company, which is being bought from Plastic Specialities, is expected to achieve sales of $26m in the year to end-July and pre-tax profits should be not less than $4m. Assets are valued at $6.3m.

Electrochemicals formulates and supplies to customers mainly in North America and south-east Asia. The acquisition provides Laporte with a US base for its high purity chemicals activities. Laporte also hopes to expand sales of Electrochemicals' printed circuit board chemicals in Europe.

Laporte's existing electronic chemicals and services division made static pre-tax profits on sales of £26.5m (£23.2m) last year. But the company said this was an encouraging performance in the context of a general downturn in demand for silicon chip devices.

The purchase comes hard on the heels of Laporte's £23m acquisition in March of Reddish Savilles, a UK detergents and brewing aids concern. This is becoming part of its environmental division.

Magnet sale completed

By Maggie Urry

Magnet, the kitchen and bedroom furniture retailer which was bought out in a £629m deal last summer and refinanced in January, has completed the sale and leaseback of 24 shop properties to Bourne End Properties.

Magnet and Bourne End had agreed the sale last October, but completion was delayed. In February, Magnet issued a writ against Bourne End attempting to force Bourne End to complete. The two sides have now agreed to complete at a price of £16.33m, a £175,000 reduction in the price, and Magnet has withdrawn its claim for loss of interest caused by the delay.

Another contract to sell a factory to Bourne End for £16.3m, also agreed last October, has yet to be completed. Bourne End said it would decide whether to complete by the end of April.

Magnet is also awaiting completion of three sale and leaseback deals with Mountjay, a private property group, totalling £43.1m.

Richards sale withdrawn

By Maggie Urry

STOREHOUSE, the retail group headed by Sir Terence Conran, has decided not to sell Richards, its women's fashion chain, because it did not receive a high enough offer.

Storehouse shares fell 1p to 116p yesterday.

The failure to attract a high price for Richards demonstrates the deterioration in the retail market in recent months. Analysts said that a year or two ago there would have been people ready to pay a high price for a chain such as Richards.

Further, analysts said, following the introduction of the uniform business rate on April 1, retail businesses would become less attractive again because transitional relief was available only to the owner of a business prior to the change. Retailers are particularly badly hit by the tax change.

Richards had been formally offered for sale after the group, which also owns BhS, Habitat and Mothercare, received a number of approaches to buy it. Kleinwort Benson, Storehouse's merchant bank, produced a prospectus on the chain, which has 219 outlets and annual sales of £100m.

Sir Terence Conran: group did not need to sell the chain

Storehouse said yesterday it would only have sold Richards if a premium offer had been forthcoming. A number of offers were received but, although these were at fair prices, "none was at a premium to our own valuation of the business and the prospects we see for it." Storehouse did not need to sell the chain to strengthen its balance sheet which has already been bolstered by a number of disposals.

Speculation that it was looking for a price of £100m had been wrong, the company said. However, analysts said it was probably seeking up to £80m and that offers were likely to have been about £50m.

Storehouse said it would have been remiss not to test the market for Richards, but having decided to retain it would continue to invest in it.

Richards is thought to have produced record figures in the financial period just ended, with sales at the half-way stage reported to be up 20 per cent.

Storehouse has also received approaches for some of its other chains, but has not put any on the market officially.

Software delay hits Headland

By Alan Cane

HEADLAND GROUP, a USM-quoted computing services company, saw profits fall 32 per cent to £1.06 pre-tax last year, after delays in a major software project.

The group, which has been growing rapidly through acquisition and specialises in accounting software for small and medium sized computers, recorded revenues of £19.1m, up 46 per cent on the 1988 figure of £13.1m.

The 1988 figures have been restated on a merger accounting basis.

The figures, struck after exceptional items of £459,000 (£178,000), included a same-again £1.7m from continuing activities and losses of £643,000 (£132,000) from discontinued operations. There was an extraordinary charge of £551,000 (£98,000). Earnings per 5p share emerged at 1.22p (2.76p). No dividend will be paid.

Mr Geoffrey Bristow, executive chairman, said the fall in profits had been caused by delays in converting Miracle, a successful accounting software package, to run on hardware made by Digital Equipment, the world's second largest computer manufacturer. Miracle was developed originally by Mega, a software house Headland acquired in October 1988.

Conversion of the Miracle package had been in the hands of Mega's management, Mr Bristow said, but now Mega's operations had been integrated with the rest of the group and the conversion project was being "subjected to strict review and rigorous project management".

Mega was acquired for £4m with a conditional, deferred £8m to follow depending on profitability. The company broke even in 1989, so no further consideration will be paid.

Headland has also agreed to sell Wooton Jeffreys Consultants, which specialises in transport and planning services, to its management for £523,745. Headland this week established a beachhead in the US with a view to opening lines of distribution there.

Merged Leica set for USM

By Clare Pearson

FORMERLY FULLY listed Cambridge Instrument is to resurface on the Unlisted Securities Market next week in a new incarnation as Leica, a company formed from its merger with Wild Leitz, a fellow scientific and optical instruments company based in Switzerland.

But the new company is a completely different animal from the old Cambridge Instrument. It will be based in St Gallen, Switzerland. Mr Markus Rauh, Wild Leitz's chief executive officer is to become its president, and it will be majority-owned by the vendors of Wild Leitz.

With sales of more than £500m, Leica will be an unusually large company for the junior market. But since its last audited figures are more than six months old it is precluded from joining the official list.

Long delays in obtaining approval from the US authorities for the merger, originally agreed in August last year, were behind the decision not to have a more up-to-date audit carried out, according to Leica.

An offer to buy Cambridge shares at 70p each remains open until April 11. This is from Unotec, the Swiss vehicle of Mr Stephan Schmidheiny, director of a number of Swiss companies and majority shareholder in Wild Leitz.

As of March 26, acceptances had been received in respect of 42.86m shares, or 20.6 per cent of the enlarged share capital. Taking these acceptances into account, and assuming full exercise of bonds convertible into 20m new shares, the Wild Leitz vendors will hold 69.9 per cent of the enlarged company.

The new company plans big rationalisations. Arising mainly from Wild Leitz's borrowings, the combined group has net debt, excluding convertible bonds, of about £140m.

Wild Leitz made a loss before tax of SFr42.5m (£17m) in the six-months to end-June 1989. Cambridge made £2.51m pre-tax profits in the half-year to September 29. Mr Terence Gooding, Cambridge's chairman, warned shareholders last week that the delay in completing the merger had caused problems during the second half.

Mr Gooding is borrowing funds from Unotec to buy, at 70p each, 5m shares which will take his holding in Leica to 13.6 per cent. Mr Gooding, who is based in Santiago on the west coast of the US, is expected to continue as chairman.

USM dealings are scheduled to start on April 12.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Abbeycrest	fin	2.4	May 24	1.8	3.6	2.7
Air London §	int	1.1	May 4	-	-	-
Amber Day	int	0.7†	May 18	0.5	-	1.5
Barry Wehmiller	int	2.2	May 18	1.8	-	5.6
Bray Tech §§	int	2‡	-	3	3.4	4.4
Eadie §	fin	0.75†	-	1.1	1.75†	2
Edinburgh Fund	fin	7.3	-	6.5	11.5	10.5
Finlay Pkg	fin	3.25	June 19	3.25	4	4
Gowrings	fin	3.375	June 6	2.34	5.625	6.66♠
Handley-Walker §	fin	5†	-	3.6	8	5.4
Home C'ties News	fin	5.5	May 18	4.125*	8	6*
Inchcape	fin	6.5☆	July 2	6.5	11	9.25
Jerome (S)	fin	5.8	May 18	5.2	8.4	7.8
Lucas Inds	int	8.4☆	June 11	7	-	25
Metsec §	fin	3.45†	-	1.95	5.8	3.8
Porth §	fin	3.2	-	-	4.5	-
Spirax-Sarco	fin	6☆	June 11	5.3	8.7	7.5
Strong & Fisher	int	2	May 10	4	-	12.3
Sunleigh §	fin	1.25†	-	1.1	2	1.65
Triplevest	fin	10.975	Apr 30	9.016	20.875	17.608
Watts Blake	fin	6	July 2	5.1	8.6	7.4
Wescol §	int	1.5	July 9	-	-	-

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ☆Carries scrip option. ♠Includes exceptional dividend of 2.16p. ‡Second interim: year-end changed to March 31.

UK COMPANY NEWS

Inchcape beats difficult conditions with 19% improvement to £176m

By Andrew Bolger

INCHCAPE, the international services and marketing group, yesterday reported a 19 per cent increase in pre-tax profits in the year to December 31, in spite of political uncertainty in Hong Kong and and increasingly difficult conditions in the UK car market.

The pre-tax profits of £176.3m compared to £147.7m in 1988, and came on turnover ahead to £2.95bn (£2.45bn).

Sir George Turnbull, chairman and chief executive, said the group had faced more difficult trading conditions in certain markets, particularly in the second half of the year. Nevertheless, it continued to grow in its main business activities and made improvements is some that had been underperforming.

Sir George said: "Motor profits increased at a satisfactory rate and the group sold more than 200,000 vehicles worldwide in 1989.

There were good performances, particularly in Greece, Singapore and Hong Kong but in the UK retail business, a combination of reduced market rates and high interest rates put profit margins under pressure in the second half."

Inchcape said it had experienced a slowdown in growth in Hong Kong following June's Tiananmen Square massacre in Peking, but remained confident about the long-term prospects for the territory.

Sir George said: "We are building a company that will continue to grow in the longer term, and unless the markets where we sell our services deteriorate markedly, I am confident that we shall see a further improvement in our financial results in the current year."

The inspection and testing businesses lost a big contract with the Venezuelan Government, which was mainly responsible for their contribution to group profits dropping from 5.8 per cent in 1988 to 1.7 per cent.

The group said insurance services showed strong growth following a difficult year in 1988 when a major reorganisation of Bain Clarkson took place. Shipping services had performed well, particularly in Japan, and buying services maintained the previous year's level of profits in spite of a more competitive trading environment.

On the resources side, both tea and timber increased their contribution to profits, largely as a result of higher prices.

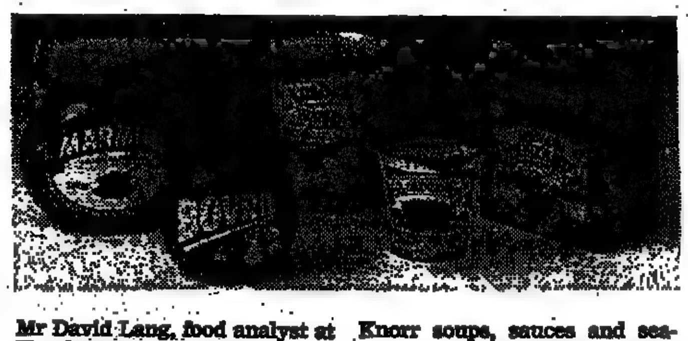
Earnings per share were 28.3p (24.1p), an increase of 17 per cent, and the dividend rises by 19 per cent to 11p (9.25p) via a maintained final of 6.5p.

See Lex

Anglo-Saxon bread spread heads west

David Owen on the purchase of Marmite by CPC International

MARMITE, that most incorrigibly British of household nutritional brands, may be heading west in more ways than one as a consequence of its purchase yesterday, along with Bovril and Ambrosia, by CPC International from SmithKline Beecham.



An assault on the US bread spread market is high on the list of priorities developed by the brands' new owner. "We will certainly see what we can do in North America", says Mr Peter Phillips, managing director of CPC's Surrey-based UK subsidiary, which will handle the new additions.

Mr Phillips is less keen on the prospect of attacking Australia, country of origin of Kraft's Vegemite concoction, the nearest thing Marmite and Bovril have to a direct competitor. "I don't know if we want to throw a lot of money at that one", he says.

Enhancing the export performance of its new acquisitions will be critical to CPC if the £157m in cash which it has paid for them is to prove money well spent. "The problem is that the group has to try and grow what have been static businesses", according to Mr David Lang, food analyst at Henderson Crosthwaite, the stockbroker.

Only 10-12 per cent of Marmite/Bovril's approximately £35m in annual sales is derived from UK markets, according to CPC. Ambrosia, the maker of creamed rice pudding and other dairy delights, is an entirely UK brand "at the moment." In addition, the company last year acquired the Canadian Bovril business, whose annual turnover is about £8m, the bulk, surprisingly, in mainly French-speaking Quebec.

Attacking the US is likely to be one prong of a strategy to rectify this. Incorporating the yeast and beef extracts in the recipes of other more readily exportable CPC brands like Knorr soups, sauces and seasonings and Napolina Italian foods may be another. "Although these brands are very Anglo-Saxon, we see the application of the products' formulation and technology being very useful in other products in Europe", Mr Phillips says.

In the meantime, CPC will benefit from the brands' profit margins, which – all analysts agree – are extremely impressive and which will no doubt be enhanced once the products are integrated into the group's extensive European sales and distribution network.

In 1989, Europe accounted for $1.75bn of CPC's $4.05bn of global food products sales. Branded foods now comprise fully 80 per cent of overall turnover.

It is these margins which probably account for the high level of interest in what are, after all, undeniably venerable brands. According to SmithKline Beecham, more than 50 parties expressed some interest.

This enabled the Anglo-American drugs and consumer goods company to secure what most reckon to be a very acceptable price for these testaments to the imaginativeness of Victorian and Edwardian food marketers.

Certainly, if one makes somewhat frivolous reference to the Retail Price Index, SB appears to have done better out of its decade-long association with the brands than did Sir James Goldsmith.

SB sold the brands for 374 per cent more than the £42m it paid for them over a period when the RPI rose by 193 per cent.

Sir James, who sold the food-lines to Beecham Group in 1980, realised about 290 per cent more than he paid some eight-and-a-half years earlier. But over that period, the RPI had soared 303 per cent. Food for thought for the Anglo-French financier.

Reduced deficit at Strong & Fisher

By Nikki Tait

STRONG & FISHER, the clothing leather manufacturer, yesterday unveiled a £847,000 loss before tax for the six months to end-December.

However, the company had already warned of a deficit for the period and, as expected, the loss was significantly lower than the £1.94m deficit produced in the same period a year earlier.

The company also revealed that its bankers have renewed the group's substantial loan facilities for a further 12 months. The catalyst for the renegotiation of the facilities had been a sharp fall in the value of Strong's 27.4 per cent holding in rival leather group, Pittard Garnar.

Yesterday, Mr Richard Strong, managing director, said that the banks had been given additional security and that the cost of the borrowing had increased, but "only fractionally". He declined to specify current debt levels but maintained that the aim was to get year-end gearing down to about 180 per cent.

Mr Strong also claimed that there were no plans to sell the Pittard holding, and repeated his long-standing wish to put the two businesses together. Bid battles between the two groups, in varying forms, have been underway for about four years.

During the six month period, Strong saw sales of £47.2m (£45.1m) and an operating profit of £2.76m (£4.89m). The company said that repeat autumn/winter business was depressed, while spring/summer orders was also lower than in previous years. However, it maintained that activity has since picked up and that the order book was now higher than for any time in the last two years.

Interest charges, however, took £2.88m, and below the line, there was a £1.41m extraordinary write-off for the closure of Strong's woolskin business. The interim dividend is 2p (4p).

The shares gained 2p at 45p.

Reuters aims to raise its borrowing powers

By John Thornhill

REUTERS Holdings, the financial information and news group, is seeking approval to raise its borrowing powers by a quarter and is also asking shareholders to allow it to buy back up to 10 per cent of its shares.

The company is proposing to lift its borrowing limits from two to two-and-a-half times the company's adjusted capital and reserves. This would enable it to raise its borrowing powers from £816.6m to £1.02bn.

Sir Christopher Hogg, chairman, said the company had no immediate plans for major acquisitions or borrowings but nevertheless thought it desirable to raise the limit so that Reuters "could take full advantage of major investment opportunities that might arise in the future."

Analysts suggested that Reuters was indeed unlikely to announce any imminent deal but said the company would gain greater financial flexibility allowing it to move quickly should an opportunity arise.

Emerging opportunities in the satellite field was one possibility mentioned speculatively.

At an extraordinary general meeting later this month, Reuters will also seek shareholder approval to enable it to buy back up to 10 per cent of its shares. Any shares that were bought back would be cancelled and would not be reissued.

This proposal follows similar moves by ICI, Hanson, Reed and Kingfisher and is part of a growing trend among large UK companies.

Reuters is changing its definition of reserves to include goodwill arising on acquisitions made after the beginning of this year.

SG Warburg being sued by Irish group

By Jane Fuller

CLF Yeoman, the asset finance company based in the Irish Republic, is suing SG Warburg, its former financial adviser and stockbroker, and Linklaters & Paines, its former solicitor, for damages arising from the £88m acquisition of CLF Holdings, the vehicle and equipment leasing company, at the beginning of last year.

Yeoman said that after it bought CLF it discovered £12m losses at a subsidiary called Technology For Business. Yeoman made a rights issue last May to provide for this.

The action against Linklaters is by way of a counter claim following the London firm issuing proceedings to claim its fees.

Eagle Star strengthens Bristol & West's base with £50m loan

By David Barchard

EAGLE STAR, the insurance subsidiary of BAT Industries, is to lend £50m to Bristol & West, the tenth largest UK building society, in an unprecedented move by an outside financial organisation to strengthen a building society's capital base.

The loan, will initially be held in a share account in the building society, but it will eventually be converted into a quasi-equity investment if the Government alters existing legislation to allow societies to issue a form of equity capital while remaining mutual.

The loan will not be in the form of subordinated debt, the one form at present permitted to building societies of raising long term capital from institutions.

Several large building societies, including Halifax and Nationwide Anglia, are currently holding talks with the Building Societies Commission, the industry regulator, about ways of creating a new form of "equity lookalike" for building societies.

Though the BSC is known to favour the idea, the legal obstacles in the way of creating a new class of owners for building have so far proved difficult to surmount and new legislation may be necessary.

Bristol & West, which is also tying under the Financial Services Act with Eagle Star for the sale of life assurance, said yesterday that the loan would be used to strengthen its retail banking activities, possibly through an acquisition.

However the society moved to dampen speculation that the loan could be the first step towards its eventual purchase and demutualisation by Eagle Star, a move which was tipped in the press several weeks ago.

Mr Ian Kennedy, General Manager, said: "I see this as a less strong arrangement than a joint venture. It will be easy to unwind. It is an extreme view of the situation to see it as leading to a takeover."

Mr Steve Melcher, chief executive of Eagle Star Life & Investment Division, said: "Time will tell where this leads."

Eagle Life has also tied with the Automobile Association and Portsmouth Building Society since October.

●BAT Industries, the tobacco-based conglomerate which has been under bid threat from Sir James Goldsmith's Hoylake consortium, writes Nikki Tait, yesterday announced the sale of its US-based Breuners furniture rental business for $15m. The buyer is Brook Furniture Rental, in Chicago.

BAT has already sold the main retail division of Breuners for $92m to Prism Capital Corporation.

The sale is part of a series of asset disposals and demergers being undertaken by BAT, in the wake of the Hoylake bid.

Its other three US retail operations - Iveys, Marshall Field's, and Saks Fifth Avenue - are also up for sale, and the disposals are due to be completed by end-June.

Pearson merger talks shelved

By Raymond Snoddy

LORD Blakenham, chairman of Pearson, the publishing and industrial group, has given his clearest indication so far that merger talks with Elsevier, the Dutch publisher are off.

"We have had merger talks with Elsevier in 1989. These talks have been stopped. We're not talking about a merger anymore. We had to establish we couldn't reach agreement," Lord Blakenham said in an interview with Het Financieele Dagblad, the Dutch financial daily.

In September 1988 the two companies announced a share deal that was termed an engagement that might lead to marriage. Pearson, whose interests include the Financial Times, took a 22.4 per cent stake in Elsevier and Elsevier a 9.4 per cent holding in Pearson.

The barriers that have stood in the way of a merger have included Elsevier's financial success since the deal was first announced, the strength of the guilder against the pound and the fact that Elsevier appears reluctant to give up its independence.

In the interview Lord Blakenham, who is also chief executive of Pearson, also noted: "For the time being, a merger is off. But I do not exclude that we may get to a merger. I still believe in that."

Pearson and Elsevier do however, appear to be interested in making joint venture acquisitions. Last week's announcement that Pearson planned to ask for shareholder approval for the issuing of up to $500m in variable rate preference shares in the US has led to speculation of a large joint US acquisition.

At least one European publishing company has recently been approached about a friendly merger involving both Pearson and Elsevier.

Last week Pearson announced pre-tax profits of £250.5m in 1989 – an increase of 26 per cent.

Aquascutum bolsters board

By David Owen

AQUASCUTUM, the classic clothing company which is facing a challenge to its capital structure from dissident shareholders, has further strengthened its board with the appointment of Sir Peter Carey as non-executive director.

The announcement comes within two weeks of Mr Philip Birch's appointment to a similar position. The company believes that the two men will "assist greatly" in the board's review of "the interests and rights of all classes of shareholders."

Sir Peter, a former Permanent Secretary at the Department of Trade and Industry, is currently chairman of Dalgety, the food and agricultural products group, and director of both BPB Industries and Cable and Wireless.

He was formerly chairman of Morgan Grenfell and director of Westland Group. A one-time student of Slavonic studies, he once served as information officer for the British Embassy in Belgrade.

Aquascutum's flagship Regent Street store was among those damaged by the weekend riots. A spokesman said that repairs were under way on five windows but that there had been no looting.

Molins rejects US £76m bid

By Andrew Hill

Molins, the cigarette machinery group, yesterday dismissed Leucadia National Corporation's hostile takeover attempt.

The US company, which has interests in manufacturing and financial services, posted its formal offer document on Saturday.

Rejecting the £76m bid, Molins said yesterday: "Once again, a financially orientated overseas conglomerate, with no knowledge of Molins' businesses or the international markets in which it operates, and with nothing to contribute to the development of the group, is seeking to acquire Molins on the cheap and at the expense of other shareholders."

IEP Securities, Sir Ron Brierley's investment vehicle has agreed to sell its 33 per cent stake to Leucadia providing a platform for the cash bid, which is worth 252p per share, against yesterday's Molins price of 270p.

Mowat expands holiday side with Pennant deal

By Andrew Hill

MOWAT GROUP, the USM-quoted property and leisure company, is to expand its portfolio of holiday villages and move into boating holidays through the acquisition of Pennant Group, a Third Market leisure company.

The two companies first revealed they were in talks in December, and the agreed cash-and-shares deal announced yesterday values Pennant at some £4.75m.

The offer is worth 99p cash and four new Mowat shares for every nine Pennant shares – equivalent to 26p per share, against yesterday's closing price of 25p, up 19p.

Pennant, set up in 1981 and based in Norfolk, lets self-catering holiday chalets and provides full-board holiday accommodation, as well as operating holiday parks on the Norfolk coast and in the Isle of Wight. It also builds and hires boats, and claims its fleet of 270 boats is the second largest on the Norfolk Broads.

The acquisition will bring the total number of holiday villages run by Mowat's Holimarine subsidiary to 10, and Mr Brian Dunlop, Mowat's chairman, said it would help strengthen the company against any volatility in the building sector.

"The UK leisure market – particularly at the family holiday end – seems very stable," he said yesterday.

In the six months to June 30 last year, Pennant lost £690,000 on sales of £1.32m, but Mr Dunlop said he believed joint marketing of Pennant and Holimarine's existing East Anglian operations would wipe out the losses. Pennant valued its net assets at £1.98m at the end of 1988.

Directors of Pennant and their families have committed 44.35 per cent of the group's equity to the Mowat offer and the USM company already owns a further 4.76 per cent.

Spirax-Sarco steams ahead 14% to £25.6m

By John Thornhill

SPIRAX-SARCO Engineering, the specialist steam equipment manufacturer, lifted pre-tax profits by 14 per cent, from £22.4m to £25.59m, in 1989 as it benefited from currency gains and strong growth in North America.

However, the Cheltenham-based group encountered harsher trading conditions in the UK and Brazil which halted further progress. In particular, the company's Drayton Controls business, which supplies the UK domestic heating market, suffered from depressed markets and saw its trading profits drop by almost half.

Overall, turnover was 16 per cent higher at £122.7m (£106.05m). Overseas sales accounted for 75 per cent of the total and were particularly buoyant in North America, Europe and the Far East. "Spirax-Sarco has World plc as its customer," declared Mr Chris Tappin, chairman.

Trading profits in North America showed the greatest rise, advancing to £5.91m (£3.93m) and included a contribution from Erwal, a Canadian business bought in January 1989.

As a result of the acquisition, Spirax-Sarco claims leadership in the North American steam trap market.

This advance was partly offset, however, by a trading profits decline in the UK to £5.52m (£5.59m) and in South America to £2.06m (£2.68m).

Trading margins were maintained at around 19 per cent.

Currency gains added £1.4m to pre-tax profits and £5.3m to turnover. Interest receivable increased to £2.48m (£2.17m) and at the year end Spirax-Sarco had cash holdings of £5.5m.

Mr Tappin said business levels in the current year overall continued to show real growth but at a lower rate than last year. He added, however, that the company's fundamental strengths provided a secure basis for growth in the 1990s.

The recommended final dividend of 6p lifts the total to 8.7p (7.5p). Earnings per share grew 14 per cent to 21.6p (19p).

● COMMENT

Steam, it seems, is a good business; and Spirax-Sarco's proven ability to condition, control, monitor and measure it puts the company in a strong position to continue its sound trading record. These results represented the 22nd consecutive year of trading profits growth and in spite of the general slowdown of worldwide economic activity the company should still be able to notch up a reasonable advance this year. Pre-tax profits may rise to over £28m, putting the shares on a prospective multiple of 10. That represents solid value in uncertain times as was demonstrated by Spirax-Sarco's market performance yesterday when its shares remained unchanged at 234p in a sharply falling market. Although the steam market in the developed world is now maturing there is still considerable scope for growth in the developing world. But the company's experience in Brazil shows that such expansion can have its risks lending a slight edge of uncertainty to the company's otherwise enviable consistency.

Hammerson expands in Europe

By Paul Cheeseright in Essen

HAMMERSON, the property investment and development group, is spending £110m in its first two significant international acquisitions since it fought off a takeover bid from Rodamco, the Dutch fund, 15 months ago.

It is spending £70m to buy and refurbish a shopping centre in Essen, West Germany, and £40m on an office complex in Barcelona, Spain.

These moves reflect the growing interest of British property companies in Europe since the market started to turn down 15 months ago.

Hammerson, however, has been active on the European markets for the last 20 years.

In Essen, Hammerson is buying a shopping centre with over 250,000 sq ft of shopping space from a private property fund of 950 shareholders. The property was originally built by Ariel Property, a subsidiary of Wimpey, in the 1970s.

The Barcelona purchase is Hammerson's first Spanish acquisition and is expected to be the first of others. The office building which eventually will be redeveloped to provide over 100,000 sq ft of space, is in the central business district. It is being bought from Hercules Hispano, a subsidiary of Banco Exterior.

These acquisitions mark a renewal of an aggressive approach to property acquisition by Hammerson. At the time of Rodamco's takeover attempt at the end of 1988, the group was widely criticised for being somewhat sleepy.

Latterly, the spread of Hammerson's portfolio, through Europe, Australia and North America, has made the company more attractive, because of its diversification from the British market.

Cautionary lessons of the Era situation

Nikki Tait on the stormclouds gathering over some of this week's annual meetings

A SEASON of shareholder meetings appears to have descended – and by no means a clement one.

Thunderclouds are already looming over an annual meeting at Throgmorton Trust today, and extraordinary meetings at Headlam Group and Era Group on Wednesday.

There is, it should be stressed, relatively little common ground in these situations, beyond the presence of agitating shareholders. The Headlam furore centres on two rival plans for the company's future, while Throgmorton is a long-running sore, resulting from an unhappy takeover of a "people-oriented" fund management business in 1988.

But it is the struggle at Era, a specialist retailer, which arguably has the broadest message. On the surface, there are two issues: first, what the company should do about its loss-making Lexterten furniture business, and secondly, how the group's current management may be "bolstered".

Underlying the situation, however, are some cautionary lessons about selling private businesses for inflated "bull market" paper, and the need for non-executive directors, even in small companies.

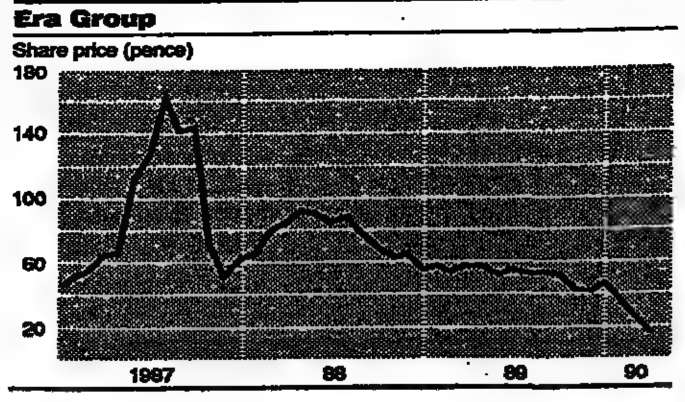
It is the Lexterten matter which commands shareholders' attention tomorrow. The messy history starts in 1987, when Lexterten, a profitable Kent-based business making reproduction furniture, was injected into "The Times" Veneer Company, essentially a quoted shell. New management had already moved into "Times" Veneer, and was known to Mr David Llewellyn, Lexterten's co-founder and now leading the agitation. A name change followed: "Old Times, New Era" was the thinking.

Like many other companies, Era hit the paper-financed acquisition trail. The first deal was small, but this was soon followed by the purchase of Kohnstam, which takes in the Beatties hobbies chain, for £17m.

The 1987 stock market crash, inevitably, halted this game. By November, much of the "new" management had sold out to a second team – Mr Murray Gordon and two former colleagues from Combined English Stores. They had been pushed, rather ungracefully, out of CES after its takeover by Next. Mr Llewellyn then departed from an executive role in June 1988 and cut non-executive ties in December. Two Kohnstam directors, however, stayed on the board.

The bad news started to emerge in October 1988. Era's interim profits slipped, with Lexterten down from £555,000 to £217,000 at the trading level. Mention was made of stock overvaluations. By the year-end, Lexterten reported an £839,000 deficit, after £803,000 of exceptional charges – including a £231,000 charge for stock overvaluations at end-1987 and another £250,000 following a full physical stock count at end-1988. That implied a £253,000 trading loss for Lexterten in the second half of 1988. During 1989, it widened to a £2.43m deficit.

What went wrong? Today, Mr Llewellyn acknowledges that the fire in August 1987 caused finishing work to be subcontracted, largely to workshops in London's East End, with subsequent quality flaws. However, he maintains that this was fading from the picture by mid-1988, and points a finger at subsequent management.



Mr Gordon, who released the 1989 figures on the afternoon of Budget day, has been unavailable ever since. His circular, however, talked of production difficulties, price-discounting and the market situation generally.

The 1987 stock write-downs are a further bone of contention. "I knew it wasn't true," claims Mr Llewellyn, saying that there was a separate report on the matter from Coopers & Lybrand, Era's auditors. The accountants plead client confidentiality.

Be all that as it may, Lexterten was up for sale by spring 1989. Again, there are suggestions that Era was initially over-ambitious in its asking price, while the economic climate steadily deteriorated. Certainly, the final result is scarcely the deal of the century: Era is now proposing to sell the business to Lexterten's management for a paltry £1.

Lexterten will take on around £2.5m of debt, but Era will write off a further £2m of borrowings. The parent company will also subscribe £1.5m in cash for convertible preference shares in the Lexterten buy-out vehicle. According to the recent circular, a £6.7m extraordinary loss in respect of the sale has been provided for in Era's 1989 accounts.

Mr Llewellyn claims that he offered to do better in February, with a deal worth £1m more to Era. Era disputes this, although there have been reports of boardroom rifts.

More relevant to the current situation is his offer, either to come back and run Lexterten, or to dispose of the assets in a more advantageous fashion. He points, on the one hand, to export possibilities and claims Lexterten has only belatedly cut overheads; on the other, to a "sale-and-leaseback" valuation of £3.5m done on the bulk of Lexterten freeholds in August 1989.

That gets a mixed reaction among institutional shareholders. There is certainly deep unease at the current situation, and some sympathy for Mr Llewellyn's case. "It's an atrocious price," remarks one. "Bottom of the cycle stuff," notes another.

This said, at least some shareholders take the view that a clean break with the Lexterten problems is preferable. Mr Llewellyn's recall, despite his previous knowledge of the business, would be a further gamble in a difficult market.

But whichever way the vote swings tomorrow, the rumblings seem unlikely to end here. In a separate move, Mr Llewellyn and colleagues speaking for over 10 per cent of the shares, have called for a further egm to appoint three non-executive directors.

Few institutions are likely to quarrel with that in principle. The only question seems to be whether back-stage manoeuvrings will take the boardroom changes further. "The situation is very delicate and fluid," remarks one shareholder.

Perhaps the depressing thought is that the Era situation, despite its individual features, looks increasingly familiar. Tougher trading conditions have uncovered weaknesses in many small businesses, and entrepreneurs who sold out for quoted stock pre-1987 often emerge the losers – witness Cray Electronics.

Perhaps the ultimate pity is that it is only now that the non-executive issue is being raised. As one institution suggests: "Had they been there before, perhaps this might have been avoided."

NEWS DIGEST

61% upturn for Barry Wehmiller

HIGHER SALES at better margins enabled Barry Wehmiller International to increase interim pre-tax profit by 62 per cent, from £3.1m to £5m.

In the six months to January 31, turnover of the group, which makes specialised equipment used in packaging consumer products, rose 39 per cent to £30.8m (£22.1m), while operating profits advanced 68 per cent to £5.54m (£3.29m).

Net interest charges took £515,000 (£184,000).

Earnings rose to 11.8p (9.2p) per share and the interim dividend is lifted to 2.2p (1.8p).

Three acquisitions made in the period were successfully integrated. All divisions continued to operate in line with expectations.

Mr Nigel McLean, chairman, said the success of its strategy had enabled the group to maintain a stronger order book and generate a continuous high level of inquiries from worldwide markets.

"This background underwrites the board's confidence in the trading prospects for the second half of the year" he said.

Magnus stake lifts Goal to £5m

Reflecting the contribution from the Magnus oilfield and higher levels of sterling oil price, Goal Petroleum lifted its pre-tax profit from £443,000 to £5.2m in 1989.

Mr Christian O'Brien, chairman, said acquiring a 2.5 per cent working interest in Magnus from BP when the oil price was low brought to the group all the advantages to be expected from buying a quality asset at the bottom of the market.

Earnings were 1.82p (1.41p) and the dividend is again 1p.

Acquisitions boost Handley-Walker

A 46 per cent expansion in taxable profits for 1989 was yesterday unveiled by Handley-Walker Group, the USM-quoted management consultancy.

Peter Smith: 300 new clients won over the year

On turnover ahead to £11.91m (£9.57m) the pre-tax balance rose from £1.37m to £2m.

Mr Peter Smith, chairman, said the group's client base had expanded to cover most sectors of the UK market as well as overseas businesses. The group had won 300 new clients over the year.

"Recent acquisitions in the UK and Ireland have added to our range of services which will continue to help our clients to improve their performance in the short, medium and long term" he added.

Overseas activities represented 24 per cent of turnover, with a particularly good performance in Europe.

Earnings per 5p share emerged at 20p (14.2p) and the proposed final dividend is raised to 5p for a total of 8p (5.4p).

Lincoln House in the black with £564,000

Lincoln House, USM-quoted maker of home furnishing products, made considerable progress in 1989 and returned its first profitable performance since 1984.

From turnover ahead 26 per cent to £20.9m (£16.6m) it made a pre-tax profit of £564,000, against a loss of £256,000. Earnings were 4.23p (loss 3.69p).

The directors said market conditions remained difficult, but orders for the first quarter left them optimistic for 1990.

Lincoln House Furnishings, increased sales 33 per cent to £13.6m and produced an operating profit of £799,000. Mayers and Shaw, wooden occasional furniture maker, achieved a profit of £259,000 on turnover of £1.72m.

UK sales help Kingspan to I£2.81m

Kingspan Group, a building components and insulation products combine which joined the USM last June, has lifted its pre-tax profit from I£2.13m to I£2.81m (£2.7m), in 1989.

The group operates in Ireland and the UK, with the latter accounting for some 60 per cent of sales. In 1989 total turnover moved ahead to I£40.47m (I£28.86m).

Fairhaven trebles after exceptional

Fairhaven International, a USM-quoted specialist within the oil, gas and petrochemical construction industries, more than trebled pre-tax profits to $7.32m (£4.46m) in the 12 months to December 31. This compares with $2.18m for the 11 months to December 31 1988.

The increase was boosted substantially by an exceptional credit of $4m (nil) relating to the gain on the disposal of the Bermuda-based company's interest in the tanker MV Knock Taggart. Fairhaven is 86 per cent-owned by Fred Olsen Interests.

Turnover advanced to $175.14m ($83.25m) and earnings worked through at 2.45 cents (0.8 cents). A maiden dividend of 0.1 cent is proposed.

Earnings came to 10.07p (8.43p) and the dividend is 1.33p, representing an annualised 2.28p.

European Leisure makes agreed bid for Midsummer

By Andrew Bolger

EUROPEAN LEISURE, the fast-growing nightclub and leisure group, yesterday announced a recommended offer for Midsummer Leisure which valued the acquisitive pub, disco and snooker club operator and slot machine company at £79m.

Mr Michael Ward, chairman and chief executive of European Leisure, said: "The enlarged group will redirect Midsummer Leisure's businesses along more focused lines and concentrate both companies' considerable management resources of high value-added discotheques and themed leisure venues, providing significant opportunities for profit enhancement."

European Leisure's shares closed down 5¼p at 75p, giving the group a market capitalisation of £67m. Its all-paper offer values each Midsummer share at 168p and a partial cash alternative is worth 158p. Midsummer shares closed at 147p, down 12p. In the last 12 months Midsummer's shares have fluctuated between 251p and 124p.

In addition, Midsummer shareholders will receive a special interim dividend of 1.5p per share, conditional on the offer becoming unconditional. European Leisure said Midsummer shareholders would receive an uplift in dividend income of 52 per cent.

European Leisure, which owns the Camden Palace and the Hippodrome in London, has received irrevocable acceptances in respect of 15.1 per cent of Midsummer's share capital from directors.

Mr Ward said he had identified potential disposals in the Midsummer portfolio which could be worth at least £40m-£45m. They are likely to include the group's 40 public houses, including the Bruce's Firkin Brewery chain.

Under the agreement, Mr Ward will be chairman and chief executive of the enlarged group and Mr Adam Page will resign as chairman of Midsummer. Mr Paul Reece, Midsummer's deputy chairman, and Mr Ian Rock, leisure director, will join the board of European Leisure.

Although Midsummer has a strong cash flow, it is 100 per cent geared following five acquisitions in the autumn. In the year to end-September, Midsummer increased pre-tax profits by 53 per cent to £9.82m (£6.43m) on sales up from £40m to £61m.

Midsummer also reported an extraordinary debit of £2.9m, £2m of which was a provision against a fall in the value of its stake in Leisure Investments, which has since been taken over by Bear Brand.

In the six months to December 31, European Leisure made pre-tax profits of £2.3m on sales of £14m. Mr Ward said the enlarged group would start with gearing of just under 70 per cent, but the intention would be to reduce that rapidly by disposing of non-core Midsummer activities.

BOARD MEETINGS

TODAY

Interims- AB Electronic Products, Barratt (Henry), Bennett & Fountain, TIP Europe.

Finals- Arley, Bodycote International, Bemmore International, Brammer, City Centre Restaurants, Delaney, Herring Son & Daw, Ipeco, Johnston Group, KCA Drilling, Kleinwort Benson Sterling Asset Fund, Magnolia, Meggitt, Ocean, Peek, Ross, Sema, Sintrom, Sun Alliance, Worcester.

FUTURE DATES

Interims-

Strata Investments	Jun. 15

Finals-

Anglo American Corp	Jun. 4
Anglo Pacific Resources	Apr. 4
Baillie Gifford Tech	Apr. 9
British Steel	Jun. 11
Connell	Apr. 11
Continuous Stationery	Jun. 19
Durham (DG)	Apr. 10
FKI	Jun. 14
Helene	Apr. 9
Jones & Shipman	Jun. 19
Melville Street Invs	Jun. 18
Northern Foods	Jun. 7
Padang Senang	Apr. 5
Scalfield	Apr. 10
Severfield-Reeve	Apr. 9
Unigate	Jun. 20

Masterminding the unravelling of a packaging group

Vanessa Houlder on Roland Franklin's break-up of Bristol-based DRG five months after its takeover

FIVE MONTHS after the controversial takeover of DRG, the dismemberment of the Bristol-based paper and packaging group has begun in earnest.

Mr Roland Franklin, who masterminded the bid, is breezily satisfied about the progress so far. "The deals we have announced are model deals, in terms of what we said we would do," he says.

In the last few weeks, Mr Franklin's youngest son, Martin, has arranged the sale of DRG's French envelope business, a print-drying business and its cartons business. This is the start of a process by which Mr Franklin intends to sell every business in the group – which spans paper, packaging and engineering – with the exception of the specialist packaging businesses, which it deems to be the core of the company.

Although Pembridge Investments, the Bermudan-based acquisition vehicle is privately owned, the break-up of the company interests many of those who followed the bitterly-fought takeover bid last year.

DRG's defence hinged on the difference between the long-term thinking of their executives and that of Mr Franklin, a veteran of the secondary banking crisis, who wished to break up DRG's business for personal profit. Mr Franklin freely agreed that money was the motivation for the £594m bid but claimed that everybody would benefit from "unravelling" DRG.

He denies that he is under financial pressure to move quickly on the disposal programme, which he says has started "rather quicker than we thought". And despite the high level of leverage he may have a comfortable margin of error in the prices he hopes to get.

The 590p per share paid by Pembridge was deemed to be "ridiculously cheap" by one analyst, who reckoned the company had a break-up value of at least 700p per share.

Following his stint as chief lieutenant to Sir James Goldsmith in his US break-up bids, Mr Franklin argued that the break-up process gave "new opportunities for growth, new prospects for expansion, new challenges and rewards for management." Now that philosophy is being put to the test.

In mid-March, Pembridge announced the sale of Papeterie de la Couronne Group, Europe's largest envelope manufacturer to LBO France, the Paris-based specialist in buy-out financing, for an undisclosed sum, thought to be £70m. Some 15 per cent of the equity is being taken by management and employees.

Then it announced the sale of Spectral Technology Group, an ultraviolet lamp and print-drying specialist, to a consortium including some of its own management. Last week, it announced the sale of its cartons business to Manville Corporation, a US building materials and forest products group, for a sum thought to be about £15m.

The sale of DRG Cartons affords Mr Franklin particular satisfaction. "The carton business demonstrates everything that was wrong with a conglomerate. It was a business going nowhere except the knackers yard," he says.

After years of relatively little investment and low profitability, it is being sold to Manville, which says it will modernise its equipment and install new printing capability in order to use it as a springboard for a move into Europe. "Our plans are to grow the business, maintain management and employees and provide additional support," says Mr Tom Johnson, president of Manville Forest Products Corporation.

The deal has been welcomed by union leaders. "There is always uncertainty [in a change of ownership] but we are optimistic," says Mr John Jones, a Sogat representative at DRG. "We are hopeful that what Pembridge has done with cartons they can do with the rest of the divisions."

With all parties apparently satisfied, it is tempting to see this as a vindication of the Franklin philosophy. However, such a conclusion might be premature.

Paul Murphy

Roland Franklin: intends to sell every business in the group

DRG's former management also saw DRG Cartons as being a non-core business and it had already made some attempts to sell it. Over the past five years DRG, under the leadership of Mr Moger Wooley, has sold a string of businesses in stagnant and declining markets, moving instead into high growth areas.

As for Pembridge's argument that businesses do better in more focused environments, a case could be made that DRG was no less focused than Manville, which encompasses paper, wood products, packaging, fibre glass, insulation products, roofing systems, filtration and minerals.

The arguments are also inconclusive with La Couronne. On the plus side, Pembridge favoured LBO France because the deal gave management a stake in their business. "There was competition on the deal with Americans, Swedish and the Swiss," says Mr Alain Chardigny of LBO France. "We won because our proposal was well considered by the management."

But there seems to be little suggestion that La Couronne was held back by being part of DRG. "We believe that the management is a winning team," says Mr Chardigny. "They have made a very good job since they joined three years ago. There was a lot of investment and productivity has grown."

There is also scope for scepticism about Pembridge's plans for its core businesses which comprise medical, flexible and rigid packaging. The sole reason that Mr Franklin gives for the decision to keep these companies is that they are growth businesses. Other than Mr Franklin's experience in dealing with Crown Zellerbach for Sir James Goldsmith, it is hard to see what expertise they will bring. "We are not managers. We have management teams," says Mr Martin Franklin.

Nonetheless, Mr Roland Franklin confidently criticises much of what he has seen so far. "It is a mixed picture," he says. "I found some of them to be in good shape and some not. They will require quite a lot of our attention. The advantage of having a small enough business is that everything can be done at once." He denies reports that research and development spending will be reduced. "In areas we are keeping, it will be maximised," he says.

Mr Franklin is also turning his attention to "cutting drastically" the central costs at DRG. The space occupied by the head office will be reduced from three floors to half a floor by June. "Everybody with a central function falls outside the concept," he says. Do the DRG directors who have stayed on the board have a future in the medium term? "Probably not," he says.

Outsiders are surprised that it took Pembridge so long to get started on its disposal programme. Mr Tim Rothwell of BZW says: "With the high level of Pembridge's leverage, it is more protracted than would have been anticipated."

With the squeeze on the profitability of consumer-related industries, some analysts suggest that it may have been more difficult to make disposals than Pembridge initially expected.

Mr Chardigny suggests that some potential buyers were dragging their feet. "I know that some competitors were looking for five or six months. Our friends Pembridge were very happy that we could go quickly because they themselves have debt they have to reverse quickly."

But even if Mr Franklin is successful in his attempt to break-up and sell most of the businesses, proving the worth of the philosophy that underlay the bid may be an even more onerous task.

NEWS DIGEST

Watts Blake advances to £8.48m

MAINTAINED margins helped Watts Blake Bearne, the Devon-based ball and china clays group, lift taxable profits by some 13 per cent to £8.48m in 1989.

The outcome was achieved on turnover ahead 21 per cent from £42.04m to £50.69m, reflecting strong sales increases in the group's West German and Far Eastern operations, up 19 per cent and 37 per cent respectively.

Mr Henry Cottrell, chairman, said turnover levels were buoyed by the $7.3m acquisition last April of United Clays of the US which made an "encouraging" start and should make a "positive contribution" in the current year. This had helped the group hold margins at about the 18 per cent level, he added.

Earnings per share increased 15 per cent to 28.4p (24.7p) and the total dividend is raised from 7.4p to 8.6p via a recommended final of 6p.

S Jerome hit by textile problems

Difficult trading in the textile division affected S Jerome & Sons (Holdings), and overall pre-tax profit for 1989 was cut from £2.41m to £1.58m.

The electronics side again increased turnover and profits, and its outlook was encouraging, said Mr Alan Jerome, chairman.

In textiles, continuing pressure on margins at the same time as the intensive capital programme of recent years resulted in higher depreciation charges. There had been some improvement in the first quarter of this year, however.

Turnover advanced to £34.13m (£28.6m) and operating profit worked through at £2.27m (£2.93m) – textiles £1.8m (£2.59m) and electronics £469,000 (£345,000).

Earnings slumped to 14.1p (25.9p), but the dividend is lifted from 7.8p to 8.4p, with a final of 5.8p.

Aran Energy slips I£0.36m into loss

Aran Energy swung from profits of I£513,000 to losses of I£358,000 (£346,000) pre-tax for 1989. Tax credits were reduced from I£2.24m to I£1m leaving after-tax profits at I£646,000 compared with I£2.75m.

Directors said the decreased profit resulted principally from reduced recoveries of UK PRT and difficult trading conditions encountered by the Estuary Fuel oil distribution subsidiary.

Turnover expanded to I£24.14m (I£22.14m). Taxable profits were struck after taking account of exceptional debits of I£256,000.

Eadie down sharply and dividend cut

Although well ahead at the interim stage, Eadie Holdings, a maker of specialist wire products, PTFE hoses and environmental control systems, saw pre-tax profits fall dramatically from £2.22m to £1.23m in 1989.

The decline came in spite of an improvement in turnover from £20m to £25.42m.

Mr Roderic Mather, chairman, said that the results indicated a break-even for the second half. The downturn was particularly marked in the last four months. Higher interest rates hit the group's customers, some of whose order books had been running at levels 50 per cent lower than the equivalent period of the previous year. Interest charges, rising from £191,000 to £733,000, also hit Eadie.

Earnings per share fell from 5.96p to 2.78p after tax of £440,000 (£700,000) and the dividend is cut from 2p to 1.75p with a final of 0.75p.

Investment income aids Home Counties

Doubled investment income of £1.30m enabled Home Counties Newspapers to increase pre-tax profits from £3.15m to £4.27m in 1989.

Turnover of the group, which publishes local weekly newspapers, fell from £17.26m to £16.92m, and trading profit from £3.3m to £2.89m. The 1988 result was stated before £801,000 rationalisation and redundancy costs.

Earnings came to 27.7p (19.5p) and the final dividend is 5.5p for a total up 2p to 8p.

There was an extraordinary gain of £1.9m representing the distribution received from the Press Association in respect of surplus on sale of investment.

Amber Day ahead 23% at midterm

Amber Day Holdings, the clothing group, raised profits by 23 per cent, from £1.06m to £1.3m in the half year to January 27 1990.

Group turnover advanced to £10.62m (£7.96m) and the profit was split as to retailing £906,000 (£502,000), importing and distributing £197,000 (£175,000), holding company £207,000 (£326,000), and discontinued manufacturing activities nil (£59,000).

Earnings came through at 2.14p (1.98p) and the interim dividend is 0.7p (0.5p).

Air London improves 17%

Air London International, quoted on the USM and the largest air charter broker in Europe, increased its profits from £369,000 to £433,000 pre-tax for the half year ended January 31.

The 17 per cent improvement was achieved from turnover a little over £1m ahead at £5.75m. The Gatwick-based company is paying a maiden interim dividend of 1.1p from earnings of 3.45p (3.13p) per 5p share.

The directors said they were looking for a "similarly good" result in the second half – a period when traditionally, a larger proportion of profits was earned.

Second-half fall hits Guidehouse

Certain business areas of the Guidehouse Group were badly affected in the second half and meant the company made pre-tax profits of only £501,000 over 1989.

After an improved performance in the first half with profits of £880,000, shareholders were later warned that the year's outcome might not differ materially from that. In 1988 the group made £1.6m.

The dividend is cut, a final of 0.2p making 0.6p for the year, against 1.4p. Earnings per share were 0.7p (4.6p).

The group is now divided into two divisions – financial and commercial investment. As part of a rationalisation programme, it sold the loss making training activities carried on in the West Midlands and closed Greyfriars Executive Recruitment.

The group also announced the acquisition of Howard Elliot, insurance broker, and its Bailey & Howard Associates subsidiary, a life and pensions consultant. Consideration is £297,500 satisfied by the issue of 865,000 ordinary and 130,000 8.5 per cent convertible preference shares 2006.

COMMODITIES AND AGRICULTURE

Copper prices surge as stocks fall quickens

By Kenneth Gooding, Mining Correspondent

AN UNEXPECTED and sharp drop in the London Metal Exchange's copper stocks reported yesterday showed that widespread labour disputes, technical problems and terrorist campaigns are having a serious impact on the western world's copper supplies.

The price of copper for immediate delivery on the LME closed last night £48, or 3 per cent, up on Friday's close at £1,701 a tonne. The three months delivery price was £43 higher at £1,630.50 a tonne.

Mr Robin Bhar, metals analyst with the W.I. Carr financial services group, suggested the cash price, equivalent last night to about US$1.26 a lb, was likely to go on rising to between $1.50 and $1.60 (about £2,200 a tonne) and possibly even higher.

Demand for copper was reasonably good and world-wide problems seemed likely to cut output by about 500,000 tonnes this year, compared with production losses amounting to about 300,000 tonnes in 1989. "That's a big shortfall on production of about 8.5m a year," Mr Bhar pointed out.

LME WAREHOUSE STOCKS
(Change during week ended last Friday) tonnes

Aluminium	-1,325	to 81,025
Copper	-12,950	to 59,125
Lead	+3,325	to 25,650
Nickel	+606	to 6,366
Zinc	-250	to 46,175
Tin	+510	to 10,250

Prices seemed destined to go higher yesterday but a short, unofficial strike which started on Friday at the Highland Valley Copper mine, one of the largest in North America, was called off and that took the froth off late trading in New York.

In the first 15 minutes of trading on the New York Commodity Exchange (Comex) the May delivery futures price had jumped to a life-of-contract high.

Meanwhile, there was no sign of an end to the strike at Southern Peru Copper Corporation, which yesterday entered its fourth week. The company has already declared *force majeure* on its copper blister deliveries to the government smelter and Mr Bhar suggested that it would not be long before SPCC ran out of copper cathodes.

The LME said its copper stocks fell by 12,590 tonnes to 59,125 tonnes last week, the lowest level for 22 months. The exchange's stocks have been reduced by 49,000 tonnes since the start of 1990 and Mr Bhar said they were again at "critical" levels.

Aluminium capacity warning

By Kenneth Gooding, Mining Correspondent

THE WESTERN world's primary aluminium producers are not planning enough new capacity to cope with demand towards the end of the 1990s, according to the latest review from the Anthony Bird Associates consultancy group.

Bird suggests that the underlying growth trend in primary aluminium demand will be 4 per cent a year to the year 2,000. However, the investment plans of the aluminium producing companies assume annual growth of only 2.9 per cent.

"That is before making any allowance for the need to replace old smelters which will not be viable in the long term on environmental or economic grounds," the review adds.

One reason that the aluminium companies' investment plans are no longer adequate is that they have not yet adapted to the likelihood that eastern Europe will not be a net supplier of aluminium in the longer term.

"Lately, the aluminium industry has grown used to heavy net eastern European exports of metal, relying on these to keep supply and demand in balance." But the eastern European economies are likely to use more of their raw materials themselves and to export less.

"The West will have to build more smelters itself," says Bird.

It estimates that by 1997 aluminium companies will need 2.2m tonnes of capacity more than they are currently planning to build. "And this total will rise to 2.8m tonnes if the last-gasp smelters are to be retired."

Bird suggests that, following a relatively sharp rise between 1987 and 1989, aluminium production costs will increase very modestly in real terms, although there will be fluctuations from one year to another.

This indicates that the price of aluminium that will be needed to bring about the required substantial rises in capacity "will not be too greatly ahead of today's levels."

Bird expresses some concern that free markets are failing to send out the right pricing signals. In February this year "aluminium prices were weak for no fundamental reason, slipping for a time well below the critical level; and in 1987-88 companies were at first very reluctant to raise their investment plans, even though prices were booming."

Market failure in the aluminium industry "can be much more damaging than instability in the equity markets, where market failure does not normally have any effect on the real world." Bird predicts that aluminium prices will be erratic and volatile in future and "it would be a great pity if unnecessary extra volatility were added to this as a result of the failure of a speculative market like the London Metal Exchange to do its job properly."

"Aluminium Annual Review 1990," £760 from Bird Associates, 193 Richmond Road, Kingston upon Thames, Surrey, KT2 5DD, England.

Little sympathy for UK fishermen

By Bridget Bloom, Agriculture Correspondent

MR JOHN Gummer, Britain's Minister of Agriculture, Fisheries and Food, showed little sympathy for the country's fishermen at a Parliamentary committee hearing yesterday.

For the past ten years the industry had complained that it was on the edge of disaster, he told the Commons Select Committee on Agriculture, but it continued to be largely profitable. Despite restrictions imposed by the EC to conserve stocks, its overall return had improved in each of the last few years with the minor exception of last year.

The principal reason for that improvement was that smaller catches had raised prices. So the Minister saw no need for the Government to accede to demands for aid to take fishing boats out of service.

Mr Gummer said he recognised that recent restrictions on British haddock fishing - either through confining this to 92 days during the remainder of this year, or using bigger-meshed nets - could cause some hardship. However, so serious had the rundown in the fish stocks become that such limitations were essential.

If the Spanish so-called "quota-hoppers" were proved to be fishing illegally in British quota areas, which he felt they were, the fishing available to British boats would increase.

Mr Gummer said that he was *pessimistic about the* short-term outlook for stocks. It was only recently that most member states had accepted that stocks were very low and had begun to conserve them.

In the longer term Mr Gummer said that while conservation measures would have to be stepped up he was looking at alternative methods of allocating fishing quotas within each country. Instead of the present allocation to groups of fishermen it might be possible to move to individually transferable quotas. Though he recognised this system was controversial, it might help to rationalise the industry.

UK misses out on good price deal

The package rejected last week offered real benefits for the British

FARMER'S VIEWPOINT

By David Richardson

FEW FARMERS will have been surprised at last week's failure of EC Agriculture Ministers to meet the April 1 deadline for agreement on new farm prices for 1990-91. It happens almost every year and existing support prices are simply extended until a deal is eventually done.

But British farmers, myself included, are bitterly disappointed that the prices being discussed immediately before the Ministers abandoned their negotiations were not accepted. As a package they amounted to the best proposals for this country that had been seen for several years.

That is not to say that substantial across the board increases in EC farm prices were under discussion – they were not. Indeed the overall package consisted essentially of a price freeze for most commodities with reductions on some because of the automatic operation of co-responsibility levies designed to provide production disincentives when surpluses reach predetermined levels.

It was in fact the Commission's determination to stick within the strict budgetary guidelines established at the February 1988 Summit which led to the breakdown of last week's talks. The German, French and Dutch Ministers, bowing to intense pressure from their farming lobbies, refused to accept such a discipline and the attempt to agree a price package was aborted.

The farmers of those countries have been demonstrating for weeks in protest against declining profits. In Holland in particular tens of thousands of farmers have been out on the streets with their tractors delaying traffic and besieging government offices in the Hague.

Paradoxically, however, farmers in most EC member countries have been receiving far more for their produce than those of us in Britain. It is all to do with the horrendously complicated system of green currencies used to calculate the tax on UK farm exports and the subsidy on imports, known as monetary compensatory amounts.

As Europe's currencies within the EMS have remained relatively stable and sterling has fallen in value the so-called green pound gaps, which vary according to commodity, have increased leaving British farmers at a comparative disadvantage. This week for instance the green pound gap on most arable crops is 19.4 per cent; on pigmeat 11.1 per cent; on beef 14.7 per cent and on dairy products 18.5 per cent.

The effect of all this is that UK exporters of, say, wheat would have to pay a tax of £22 a tonne while any imports into Britain would earn the exporting country a similar amount of subsidy, thereby forcing down domestic market prices. Needless to say the NFUs have been campaigning vigorously to get these gaps reduced as quickly as possible. Moreover the British Government is already committed to eliminating them by 1992.

A substantial step towards that goal appeared to be on the cards last week. The proposal on the table before the Agriculture Ministers broke off their negotiations would have cut the green pound gap for arable crops by 60 per cent and for beef and dairy products by 33 per cent, while scrapping monetary compensatory amounts for pigmeat altogether.

For cereals the net effect – after other complications such as the coresponsibility levy deduction, the cut in payment delay for grain going into intervention from 120 days to 60 days, which is clearly very valuable with UK interest rates at present levels, and increased monthly increments to cover storage costs – would have been a rise in support price of about 11 per cent.

To put that into perspective it should be noted that the support system only operates when the market price falls below the intervention price and in Britain for the last couple of years very little grain has been sold to intervention. In other words an 11 per cent rise in support price does not necessarily mean that farmers like me will get that much more for our crops this year than last.

Nevertheless with the prospect of good crops all over Europe and the possibility that next harvest may produce a sizeable European cereal surplus it would have been comforting to have had a higher floor to the market. For crops such as sugar-beet, however, where the EC price is what the farmer actually gets, the aborted award would have been worth about £3 a tonne or, for an average crop, £50 an acre.

So what happens now? On April 25 the Agriculture Ministers are scheduled to meet in Brussels to try again to reach agreement. In theory they should start from scratch; in practice it is far more likely that they will look at relatively minor variations on the proposals they last considered.

Whether in the meantime some formula can be worked out to accommodate the political pressures of those countries with no green pound gap remains to be seen. If not the chances of reaching an agreed settlement at that meeting remain in doubt.

But as a British farmer who has suffered under the injustice of green pound gaps of seemingly ever-increasing magnitude over the last few years and whose net farm income, like that of most other UK farmers, has halved in real terms in the last ten years I profoundly hope that whatever compromise is ultimately arrived at it is no worse for me than the deal the Agriculture Ministers nearly did last week.

Jute prices rise by 50 per cent

By David Blackwell

JUTE PRICES have risen by up to 50 per cent in the past six months to the highest levels since 1984.

The advance follows the poor harvest of between 3.2m and 4m bales (180 kg each) last year in Bangladesh, the world's leading exporter, which suffered from a lack of rain at a critical period. A good crop from Bangladesh is reckoned to be top 5m bales, and 6.5m bales is possible, according to Mr Ron Stedman of R.E.B. Willcox, the London trader.

The same bad weather hit jute production in India, the world's dominant producer, which had a crop of between 6m and 6.5m bales, compared with its usual 7m to 8m bales. India has had to turn to Bangladesh for supplies to keep its own jute mills running.

Indian purchased 200,000 bales, or 10 per cent of Bangladeshi exports. The country's entry into the market has been the driving force behind the price rise, says Mr Stedman.

Last month the standard low quality jute used for sacking reached $460 a tonne, an increase of about 25 per cent since September last year. The price of cuttings (the root end of the jute fibres) was 50 per cent higher at $280 a tonne.

The increase has made sellers difficult to pin down to execute their outstanding contracts, and merchants have had to face similar problems to those of 1984, when Bangladesh had to ban exports in order to keep its own mills going. Then merchants were forced to replace defaulted contracts at a loss so as to fulfil their own sales obligations.

Planting is just beginning for the next crop, which Mr Stedman expects to reach about 5m bales, grown on some 14m acres. Bangladesh used to have a crop of 7m bales, but competition has increased from other cash crops such as sugar and rice. The country has also become a little less reliant on jute exports for foreign exchange.

Mr Stedman believes the crop will not reach 7m bales again. "Once they do that the price crashes and they are well aware of that," he says.

However, he foresees steady demand for jute from Africa, Pakistan and other countries which need sacking for storing grains, coffee, cocoa and other food crops. Sacking takes about 75 per cent of the crop. The rest is consumed by high quality users, mainly for carpet backing, which is still woven in Dundee, Scotland, home of the jute industry.

Mr Stedman believes exports from Bangladesh are at a level (about 1.5m bales) from which they cannot drop much, as there is still no substitute for jute sacking as a crop carrier.

He points out that when he started in the trade in 1963 he was told that it had a life expectancy of no more than five years. "The way it is at the moment I don't see me looking for another job before I retire. On the other hand, I wouldn't take a youngster under my wing and say I' m going to teach you the trade and it will last until you are 65 – I couldn't say that."

Japanese cuts hit Canadian loggers

By Robert Gibbens in Montreal

HIGHER INTEREST rates, a lower yen and an unstable Tokyo Stock Market have combined to make Japanese customers cut back buying of British Columbia logs and timber, and average prices this month are down about 10 per cent from the 1989 average.

Canadian exporters in Vancouver say bad weather has also contributed to high stocks of logs and timber in Japan, but currency instability and other economic factors have made things worse.

Sales to Japan and Asia are in US dollars, and earn more than from other markets.

Japan itself is Canada's second largest market for logs and timber, after the US. Many BC sawmills are geared almost exclusively to that market.

Exporters say pressure from Japanese customers is still strong and prices could decline 30 per cent from the 1989 average later this year.

Pact extension lightens cocoa gloom

By David Blackwell

THE THREAT of 250,000 tonnes of cocoa beginning to come onto the oversupplied world market next year has finally been lifted. Delegates to the International Cocoa Organisation (ICCO) voted almost unanimously at the end of last week's talks to extend their agreement with no economic provisions.

The final outcome was well signalled throughout last week as the ICCO Council made speedy progress under the forceful chairmanship of Mr Peter Baron of West Germany. "It was a very successful meeting," he said yesterday in Bonn. "Everything went well, and I'm very glad that we can now concentrate on the future."

The 250,000 tonne buffer stock, which was bought in a vain attempt to support prices, will be frozen until the end of September 1992. The buffer stock manager has been authorised to sell any cocoa which is more than 10 per cent defective – at the moment this stands at 2,125 tonnes.

The $30-a-tonne levy paid by producers on their exports and by consumers on imports from non-member countries will be abolished from April 15. Producers, who owe the organisation nearly $140m in levy arrears, have promised to attempt to repay some of the debt. The buffer stock manager has been authorised to sell more of his stock in order to finance its maintenance if no other money is forthcoming.

If the delegates had failed to agree an extension, the buffer stock would have had to be liquidated over a period of 4½ years.

WORLD COMMODITIES PRICES

MARKET REPORT

GRAIN prices opened higher in Chicago, while the soyabean complex prices were easier following the USDA's planting intentions and stocks report released late on Friday. Traders bought wheat and maize based on the lower-than-expected stocks figures. Traders in the soycomplex sold soyabeans and soyaproducts on the high soyabean acreage figure. Wheat stocks at March 1 were estimated at 944m bushels, compared with expectations that ranged from 1.03bn to 973m bushels. Maize stocks were put at 4.8bn bushels. Soyabeans were estimated at 59.43m acres, versus the average trade guess of 58.6m. However, by midsession traders had begun to discount the report, and wheat prices were mixed. New York cotton prices were up at midday on commission house and speculative buying, riding a wave of bullish sentiment based on recent exports and talk of additional Chinese buying. On London's BFE freight futures closed at contract lows as the depressed state of the physical market continued to weigh on sentiment. The Baltic Freight Index, at 1,528, has declined by 100 points since March 13 and dealers expect it to fall more steeply over the next few days.

Compiled from Reuter

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.65-5.75y	+0.20
Brent Blend	$18.55-8.60y	+.275
W.T.I. (1 pm est)	$20.47-0.49y	+0.35
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$234-236	+1
Gas Oil	$162-163	+2
Heavy Fuel Oil	$78-80	+1½
Naphtha	$170-172	-1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$369.00	-0.75
Silver (per troy oz)♣	495c	-1
Platinum (per troy oz)	$470.75	-5.25
Palladium (per troy oz)	$127.65	-0.75
Aluminium (free market)	$1605	+10
Copper (US Producer)	126¾c	
Lead (US Producer)	87.5c	
Nickel (free market)	420c	-5
Tin (Kuala Lumpur market)	17.98r	+0.20
Tin (New York)	311.5c	-7.5
Zinc (US Prime Western)	83¼c	
Cattle (live weight)†	115.78p	+2.92*
Sheep (dead weight)†	263.51p	22.56*
Pigs (live weight)†	98.05p	+2.32*
London daily sugar (raw)	$373.6w	-3.4
London daily sugar (white)	$448w	-8
Tate and Lyle export price	£345.5	
Barley (English feed)	£106.75	
Maize (US No. 3 yellow)	£133.5v	+0.5
Wheat (US Dark Northern)	£120t	
Rubber (May)♥	56.25p	+0.25
Rubber (Jun)♥	56.75p	+0.25
Rubber (KL RSS No 1 May)	227m	
Coconut oil (Philippines)§	$360w	-5
Palm Oil (Malaysian)§	$277.5y	
Copra (Philippines)§	$250y	
Soyabeans (US)	£164	
Cotton "A" index	81.45c	+0.45
Wooltops (64s Super)	572p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. x-Mar/Apr. t-May/Jun. v-Apr/Jun. w-Apr/May. z-Apr. y-May. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
May	334.80	350.40	348.20 334.00
Aug	341.60	353.00	349.00 341.20
Oct	334.00	343.20	340.60 332.20
Dec	328.00	328.00	327.00
Mar	305.00	315.60	310.60 304.80
Aug	305.00	306.00	305.00
White	**Close**	**Previous**	**High/Low**
May	443.0	450.0	448.0 441.0
Aug	435.5	444.0	441.5 433.0
Oct	407.0	416.0	414.0 410.0
Dec	397.0	404.0	402.5 401.5
Mar	389.0	397.5	395.5

Turnover: Raw 3189 (4787) lots of 50 tonnes. White 1137 (1261)
Paris- White (FFr per tonne): May 2564, Aug 2535, Oct 2384, Dec 2322, Mar 2300, May 2300

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
May	18.58	18.30	18.60 18.40
Jun	18.73	18.45	18.75 18.56
Jul	18.71	18.60	18.72 18.66
IPE Index	18.43	18.25	

Turnover: 8460 (3464)

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low
Apr	163.00	160.50	163.25 160.50
May	159.00	156.50	159.25 158.50
Jun	158.50	156.25	158.50 156.50
Jul	160.50	157.75	160.00 159.00
Aug	162.50	159.75	161.50 160.75
Sep	164.25	163.75	162.75
Oct	166.50	165.00	166.00
Nov	168.00	167.00	167.50
Dec	169.50	166.00	167.50

Turnover 5780 (5144) lots of 100 tonnes

TEA

There were 24,830 packages on offer this week including 9,600 offshore, reports the Tea Brokers' Association. End of season Assams attracted limited competition and sold at lower rates. There was good demand for East Africans. Good mediums sold well and lesser mediums showed advances of 6p to 10p per kilo. Central Africans came to a selective market and were barely steady. Ceylons were well supported with brighter teas irregularly dearer. Offshore teas met less demand and better mediums declined by 3p to 5p. Quotations: quality 210p (220p), medium 140p (140p), low-medium 100p (100p).

COCOA – London FOX £/tonne

	Close	Previous	High/Low
May	791	779	784 771
Jul	792	793	798 783
Sep	806	808	810 796
Dec	826	828	830 816
Mar	842	847	848 840
May	859	863	863 855
Jul	876		879 875

Turnover: 7544 (11504) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Mar 30 945.51 (932.82) 10 day average for Apr 2 883.41 (874.60)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
May	710	710	725 705
Jul	677	663	687 676
Sep	684	662	690 677
Nov	695	690	698 693
Jan	706	702	711 705
Mar	718	700	722 714

turnover: 3492 (4598) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Mar 30: Comp. daily 74.21 (73.05). 15 day average 73.92 (74.12)

POTATOES – BFE £/tonne

	Close	Previous	High/Low
Apr	135.0	133.5	135.0 131.0
May	176.5	170.0	177.0 169.0
Nov	97.0	95.0	97.0 96.0
Apr	145.0	141.0	143.0 141.0

Turnover 266 (668) lots of 40 tonnes.

SOYABEAN MEAL – BFE £/tonne

	Close	Previous	High/Low
Aug	124.50	124.50	125.50 124.50

Turnover 25 (35) lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/index point

	Close	Previous	High/Low
Apr	1476	1526	1515 1476
May	1450		1510 1450
Jul	1287	1332	1310 1286
Oct	1384	1414	1410 1384
Jan	1400		1415 1400
BFI	1528	1529	

Turnover 566 (327)

GRAINS – BFE £/tonne

Wheat	Close	Previous	High/Low
May	114.25	114.40	114.40 114.00
Jun	116.25	116.65	116.65 116.25
Sep	107.10		107.00 106.70
Nov	110.70	110.05	110.50
Jan	114.50	113.75	114.50
Mar	117.75	117.15	117.75
May	121.10		121.00
Barley	**Close**	**Previous**	**High/Low**
May	105.00	105.50	105.05 104.85
Sep	104.80	104.00	104.80 104.50
Nov	108.80	108.00	108.80 108.35
Mar	114.80		114.60 114.50
May	116.35		116.35 115.75

Turnover: Wheat 80 (261), Barley 148 (48). Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low
Apr	124.0	122.5	
Jun	121.5	120.3	122.0 121.0
Aug	116.0	115.8	116.0
Oct	120.0	119.0	118.5
Nov	119.0		118.5

Turnover 50 (29) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 19,050 tonne
Cash	1597-602	1595-8	1607	1607-8		
3 months	1587-8	1588-9	1610/1582	1595-6	1593-5	40,102 lots
Copper, Grade A (£ per tonne)						Ring turnover 61,350 tonne
Cash	1700-2	1652-4	1736/1734	1733-5		
3 months	1630-1	1587-8	1664/1624	1657-8	1624-5	72,233 lots
Lead (£ per tonne)						Ring turnover 6,400 tonne
Cash	488-93	527-32	505/490	510-5		
3 months	476-7	490-2	485/474	484-5	480-2	10,694 lots
Nickel ($ per tonne)						Ring turnover 1,554 tonne
Cash	9000-50	8300-50	9125/9100	9050-100		
3 months	8860-75	8075-100	9100/8825	8975-9000	8825-50	7,802 lots
Tin ($ per tonne)						Ring turnover 1,645 tonne
Cash	6675-95	6820-30	6880/6675	6680-90		
3 months	6750-60	6870-80	6815/6740	6780-90	6740-50	6,672 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 16,125 tonne
Cash	1590-600	1623-8	1597/1588	1597-8		
3 months	1540-5	1568-70	1557/1540	1540-2	1550-5	18,875 lots

LME Closing £/$ rate: SPOT: 1.6325 3 months: 1.6062 6 months: 1.5778 9 months: 1.5557

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	368¾-369¼	227-227½
Opening	368½-369	226-226½
Morning fix	369.00	226.291
Afternoon fix	368.40	225.459
Day's high	368¾-369¼	
Day's low	367¼-367¾	
Coins	**$ price**	**£ equivalent**
Mapleleaf	377-382	231-234
Britannia	377-382	231-234
US Eagle	377-382	231-234
Angel	377-382	231-234
Krugerrand	367-370	225-227
New Sov.	86½-88½	53-54½
Old Sov.	86½-88½	53-54½
Noble Plat	470.15-483.70	292.90-297.55
Silver fix	**p/fine oz**	**US cts equiv**
Spot	303.35	493.75
3 months	314.95	504.40
6 months	326.55	515.20
12 months	350.40	538.30

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	July	May	July
1500	103	117	7	81
1600	36	62	39	73
1700	7	28	109	137
Copper (Grade A)	**Calls**		**Puts**	
2450	273	203	10	61
2600	164	120	39	125
2750	71	65	104	215
Coffee	**May**	**Jul**	**May**	**Jul**
650	60	60	5	33
700	27	37	22	60
750	9	22	54	95
Cocoa	**May**	**Jul**	**May**	**Jul**
750	37	67	7	25
800	11	41	31	49
850	2	24	72	82
Brent Crude	**Jun**	**Jul**	**Jun**	**Jul**
1850	45		34	44
1900	22	35		68
1950	10	21		20

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Apr	369.8	370.2	370.2	367.1
May	372.1	372.5	0	0
Jun	374.5	375.0	374.8	371.8
Aug	379.0	379.6	378.5	376.5
Oct	383.8	384.4	382.8	381.0
Dec	388.5	389.1	388.5	386.0
Feb	393.3	393.9	392.0	391.6
Apr	397.9	398.5	0	0
Jun	402.9	403.6	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Apr	494.6	494.5	493.5	493.6
May	497.8	498.0	498.4	495.5
Jun	501.9	502.1	0	0
Jul	506.0	506.2	506.5	503.5
Sep	514.5	514.7	514.0	512.5
Dec	525.9	526.0	526.5	524.0
Jan	529.4	529.5	0	0
Mar	537.3	537.3	537.5	534.5
May	545.3	545.1	542.5	542.5
Jul	553.5	553.1	552.1	552.1

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	124.90	126.90	127.60	124.60
May	120.00	122.40	123.40	120.50
Jun	118.40	118.10	119.00	119.00
Jul	112.35	114.25	115.00	111.90
Aug	110.05	111.95	0	0
Sep	107.75	109.65	110.30	107.80
Oct	106.10	107.95	0	0
Nov	104.45	106.25	0	0
Dec	103.05	104.80	105.00	103.35
Jan	102.20	103.90	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
May	20.38	20.28	20.52	20.18
Jun	20.65	20.57	20.78	20.48
Jul	20.85	20.69	20.92	20.60
Aug	20.89	20.73	20.94	20.64
Oct	20.91	20.76	20.93	20.73
Nov	20.90	20.76	20.90	20.72
Dec	20.89	20.76	20.93	20.70
Jan	20.86	20.75	20.90	20.69
Feb	20.88	20.74	20.88	20.68

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	470.6	474.5	471.0	466.0
Jul	478.1	481.1	478.5	475.5
Oct	483.2	486.2	483.0	481.0
Jan	488.7	491.3	489.0	488.0
Apr	494.2	497.8	495.0	493.6

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
May	5465	5434	5475	5420
Jun	5365	5313	5375	5315
Jul	5375	5308	5375	5320
Aug	5450	5373	5450	5390
Sep	5570	5498	5570	5515
Oct	5650	5573	5650	5600
Nov	5730	5648	5730	5690
Dec	5810	5723	5810	5765
Jan	5835	5743	5835	5790
Feb	5730	5673	5730	5730

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	1168	1183	1175	1155
Jul	1177	1196	1190	1171
Sep	1191	1211	1199	1184
Dec	1204	1223	1210	1200
Mar	1224	1252	1228	1222
May	1243	1266	1246	1240
Jul	1252	1275	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	91.48	92.14	92.85	91.30
Jul	93.36	93.98	94.65	93.25
Sep	94.88	95.70	96.35	94.75
Dec	97.02	97.75	98.40	97.00
Mar	98.50	100.50	0	0
May	100.50	101.75	0	0
Jul	102.00	104.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	15.09	15.69	15.65	15.08
Jul	15.24	15.71	15.65	15.20
Oct	15.02	15.36	15.28	14.95
Mar	14.02	14.26	14.20	14.01
May	13.95	14.05	14.01	14.01
Jul	13.86	13.82	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	74.16	72.70	74.20	73.15
Jul	73.50	72.40	73.89	72.70
Oct	67.10	66.68	67.40	66.90
Dec	65.44	64.93	65.60	65.10
Mar	66.37	65.90	66.37	66.17
May	66.70	66.45	66.70	66.50
Jul	66.77	66.48	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	201.10	198.95	204.00	200.15
Jul	197.40	195.20	199.95	196.50
Sep	192.00	189.10	192.00	189.75
Nov	183.50	180.50	183.50	180.25
Jan	178.50	177.00	178.50	178.50
Mar	177.00	175.00	177.00	175.00
May	177.00	175.00	0	0
Jul	177.00	175.00	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Apr 2	Mar 30	mnth ago	yr ago
1923.8	1912.0	1840.3	2007.3

DOW JONES (Base: Dec. 31 1974 = 100)

	Mar 30	Mar 29	mnth ago	yr ago
Spot	131.90	131.76	130.97	135.37
Futures	132.44	131.74	131.68	137.28

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	595/0	595/0	594/6	584/0
Jul	598/0	606/2	608/4	597/0
Aug	602/4	612/0	613/4	601/4
Sep	603/0	614/2	612/4	602/4
Nov	609/4	621/4	618/6	609/0
Jan	619/4	630/4	628/4	619/0
Mar	629/4	640/4	638/0	629/0
May	635/6	645/6	644/4	635/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	21.77	22.08	22.18	21.75
Jul	21.87	22.20	22.26	21.85
Aug	21.78	22.06	22.20	21.77
Sep	21.57	21.87	21.90	21.55
Oct	21.32	21.62	21.60	21.30
Dec	21.27	21.48	21.53	21.25
Jan	21.16	21.32	21.25	21.16
Mar	21.10	21.05	21.25	21.10

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	169.9	171.7	172.3	169.6
Jul	174.1	176.0	176.4	174.0
Aug	176.2	177.8	178.2	176.2
Sep	178.2	180.0	180.0	178.2
Oct	180.1	181.5	181.7	180.0
Dec	183.6	185.9	186.5	183.5
Jan	185.8	187.3	187.0	186.8
Mar	191.0	193.0	191.0	191.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	263/4	261/2	264/6	262/2
Jul	268/6	263/6	269/2	266/0
Sep	261/0	257/2	263/0	258/6
Dec	258/2	254/2	261/0	256/4
Mar	264/0	260/0	266/0	262/4
May	266/0	262/4	268/6	265/4
Jul	268/4	264/4	270/0	268/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	355/6	351/6	358/4	353/2
Jul	338/4	337/6	339/2	337/6
Sep	344/4	345/2	346/4	344/2
Dec	357/0	357/4	359/0	356/0
Mar	363/0	364/4	366/4	362/2
Mar	370/0	370/0	370/4	369/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	78.60	77.87	78.67	77.92
Jun	73.35	72.92	73.40	72.92
Aug	72.65	72.27	72.77	72.35
Oct	74.25	73.60	74.30	73.80
Dec	74.52	73.90	74.55	74.00
Feb	74.62	73.87	74.52	74.20
Apr	74.50	74.15	74.50	0

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	54.27	59.40	54.45	53.32
Jun	58.47	57.02	58.60	57.10
Jul	57.82	58.40	57.98	56.90
Aug	56.05	54.55	56.05	55.50
Oct	50.10	48.60	50.10	49.40
Dec	50.15	48.65	50.15	49.50
Feb	49.40	47.90	49.40	48.75
Apr	46.80	45.30	46.80	46.20

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	58.57	53.57	58.57	53.75
Jul	56.10	54.10	56.10	54.20
Aug	54.65	52.65	54.65	52.97
Feb	59.30	57.30	59.30	58.00
Mar	59.40	57.40	59.40	59.30
May	59.65	57.67	59.65	58.00

LONDON STOCK EXCHANGE

Shares steady after hefty setback

A WEEKEND of disturbing developments at home and abroad triggered a heavy fall in the UK stock market yesterday morning. However, selling pressure was not unduly serious and the market rallied before the close, encouraged by determined bargain-hunting.

London stocks had to start the week in the face of the heaviest one day fall in Tokyo's Nikkei Index since the 1987 collapse in global markets and also a sharp reaction by sterling to Saturday's violent rioting in the centre of London.

The Footsie Index was down 36 points at its worst stage but, after remaining depressed for most of the day, trimmed its fall when sterling rallied and New York opened the new session in better shape than feared. London saw only moderate selling pressure from the big investment institutions.

The final reading showed the FT-SE Index at 2,221.6, a loss of 26.3 which returned it to the levels of early-March. Equity strategists took yesterday's setback calmly, although "the knock-on effect of Tokyo could be serious if it continues," admitted from one leading securities firm.

The rally from yesterday's low point of Footsie 2,211.6 *helped reinforce confidence* that the trading range of 2,180-2,300 remains in place. The first quarter of 1990 has proved difficult for investors (see chart below), with the stock market repeatedly failing to sustain rallies.

The FT-Actuaries leisure sector paid dear over the first quarter for its links with the hard-pressed consumer industries, while the winter storms hurt insurers. The advance in Agencies largely reflects the strength of Reuters.

Seaq volume rose to 515.2m shares yesterday from Friday's 453.7m but belied the level of genuine investment business. "I don't know where the vol*ume was coming from,"* said the head trader of a UK investment bank. One factor was the 76m shares traded in London & Edinburgh Trust, the UK property group which agreed yesterday to a £500m takeover offer from SPP, the largest life assurer in Scandinavia.

From the equity market standpoint, it was the 6.6 per cent setback in Tokyo which sounded the loudest alarm bells. The weekend riots in London, as part of a major demonstration against changes in local government financing, hurt the stockmarket, more indirectly by depressing sterling and thus reviving concern that domestic interest rates *could yet be forced higher.* UK traders are very conscious of the likely effect on non-UK investors of international reporting of the savage street riots in London last weekend.

However, London's concern over international markets is at present focused on New York and UK traders appeared relatively relieved by Wall Street's performance in early deals yesterday.

Account Dealing Dates		
*First Dealings:		
Mar 26	Apr 9	Apr 30
Option Declarations:		
Apr 5	Apr 26	May 10
Last Dealings:		
Apr 6	Apr 27	May 11
Account Day:		
Apr 17	May 8	May 21

*New time dealings may take place from 9.00 am two business days earlier.

Swedish premium for LET

SCANDINAVIA'S largest life insurer, SPP, won control of London & Edinburgh Trust (LET) in a 220p a share agreed cash bid, which values the UK property company at approximately £500m. LET had announced on March 23 that it was in talks, but the market had convinced itself that Wasa, another Scandinavian insurer, was the unnamed bidder.

A total of 76m LET shares changed hands yesterday, accounting for just under a fifth of the day's stockmarket turnover. LET jumped 42 to 217p.

The bulk of the business in LET took place during the *morning as SPP purchased 20.1* per cent of the company. It bought 22m shares at 223½p and 15.4m at 220p. SPP was also pledged irrevocable undertakings from the directors of LET and their immediate families for their 43m shares, and for 10.4m held by Regent House Properties. SPP's own holdings plus the undertakings gave it 50.02 per cent of LET.

Mr Alan Carter, of Charterhouse Tilney, said: "It is a super deal, although SPP may have got LET cheaply. It also shows the level of foreign interest in UK property companies. The obvious question now is who will be next."

Reckitt wanted

Reckitt & Colman put in one of the best performances among FT-SE stocks on several factors. Most important, said analysts, was the placing of the rump of a £200m convertible issued last month as part of the $1.25bn acquisition of Boyle-Midway, formerly American Home Product's household products division.

Also helping Reckitt was the £157m sale by Smithkline Beecham of the Marmite, Ambresia and Bovril food brand names to CPC, the US foods group. One of Reckitt's strengths is reckoned to be its large number of food brands. Analysts said the amount paid was above their expectations, and Mr Ian Moore, of UBS Phillips & Drew, said that Smithkline had now sold £370m of non-pharmaceutical assets, leaving principally the cosmetics division, worth between £200 and £250m, to be disposed of.

The prospect of research and development presentations by Smithkline in London tomorrow, and New York on Thursday, also helped the shares. Smithkline recovered from a low of 481p to close unchanged at 490p, while Reckitt closed with a gain on the day of 12 at 1130p. Turnover in the latter, thin at the best of times, was an unexceptional 315,000, compared with 1.4m for the more liquid Smithkline.

Flat profits

Johnson Matthey, the precious metals and refining group, dipped 11 to 275p as several analysts trimmed their profits forecasts, after returning in a moderately cautious mood from a visit to Brussels where the company's new auto-catalyst plant came on stream late the previous week.

Researchers gathered the impression that the year would be rather flat for profits growth, partly because the US market for auto-catalysts is weak.

Mr Rory Sweetman, of BZW, shaved his estimate from £68m to £65.5m, a figure which may eventually need a further slight downwards revision, said the analyst. Mr Mike Tampion, of Hoare Govett, is content to stick with his prediction of £65m. Last year the company produced £64.4m.

Shell gave up 3 to 448p on 6.5m shares, while worries over the current UK political scene dented British Gas, which lost 3 to 210½p on turnover of 8.5m.

Premier were a shade easier at 104p amid speculation that a large line of stock, said to have been in the region of 6m shares, or 1.5 per cent of Premier's issued capital, was on offer. There are two big holders of Premier: Burmah, with a 29.9 per cent stake; and SHV, the privately-owned Dutch group, which is said to have a 3 to 4 per cent stake. But the last two groups were not thought to be sellers.

Premier shares were upset last week by stories that its latest well, off the coast of Thailand, had proved unsuccessful. Burmah lost 6 to 590p.

The banks' sector was additionally unsettled by news that County NatWest had trimmed its profits forecasts for three of the big-four banks. Last Wednesday, County triggered hefty selling of Midland after a significant reduction in its profits forecasts for the bank.

Mr John Aitken, County's banks analyst, said the downgrades were for the same reason as Midland; lower than expected volume growth, a switch by depositors and savers out of cheap interest free and savings deposits into interest yielding accounts, and the expectation of more bad debts.

Mr Aitken reduced his estimate of NatWest Bank's pretax profits for 1990 from £1.45bn to £1.355bn. For Barclays Bank, he moved down from £1.75bn to £1.685bn, and for Lloyds Bank from £1bn to £910m.

Barclays fell 8 to 579p on turnover of 2.1m shares, Lloyds eased 2 to 299p on 4.9m and NatWest dipped 7 to 345p on 5.0m. Midland slipped 3 to 332p with 437,000 shares traded.

A report in the weekend Press highlighting the sharp contraction in takeover activity carried out by the City's leading merchant banks resulted in a markdown of their share prices, although the sector rallied welll later in the session. SG Warburg fell 468p, before rallying to close a net 6 off at 472p, Kleinwort Benson dipped to 362p before ending the session 6 lower at 382p and Hambros gave up 8 to 264p.

Insurances were marked lower but made good progress as the session wore on, according to dealers. Life issues were little changed on balance – Prudential closed unaltered at99p on 2.9m – while the brokers showed Sedgwick 3 higher on the day at 249p, still buoyed by the recent Kleinwort Benson buy recommendation.

Composites proved vulnerable and Commercial Union came in for a buffeting as the market picked up whispers that the group may well be about to reveal a US acquisition; at the close Commercial Union were 8½ off at 450p on turnover of 569,000 shares.

Cadbury Schweppes rose 5 to 319p on strong buying after press reports that it is to pay £120m for Source Perrier's soft drinks activities, only about half of previous market estimates. But one analyst said: "The story was in the market last week, but it had to get into print for the price to move."

Berisford added 6 at 144p on continued talk that Tate & Lyle will announce a bid within a fortnight. Reports that Tate was considering offering the Pritzker brothers of the US between 130p and 170p a share for their 11 per cent holding kept bid speculation on the boil. An announcement that Mr Larry Goodman, the Irish businessman, had increased his stake last week to 13.08 per cent added to the excitement. Tate eased 6 to 277p.

A not unexpected bid by European Leisure for Midsummer Leisure left the latter 12 lower at 147p. The price had risen sharply last week in anticipation of an offer. European Leisure fell 5½ to 75p.

Carlton Communications had an erratic day after last week's sharp falls. Initially, the stock fell with the market. It bottomed at 527p, before bargain hunters moved in and the price recovered to close at the day's best of 551p, for a net rise of 7. Traders said that much of the late buying came from the US, which had been the big seller last week.

Both Trusthouse Forte and Mecca Leisure weakened ahead of figures. THF, 7 easier at 266p, reports annual results on April 18, while Mecca, with year-end figures due today, fell 11 to 110p. The latter's shares have been weak for some time on fears of difficulties at its bingo and/or casino operations. The shares had a brief recovery last week when some analysts suggested that the problem might be limited to a single extraordinary or exceptional item.

The latest victim of the downturn in advertising revenues was Metro Radio, 18 lower at 132p.

Reuters's plan to increase corporate borrowing powers *helped the shares resist the* downward pressures experienced in most other sectors. The company wants to be able to raise 2¼ times adjusted capital and reserves, rather than twice that number. Based on the position as at December 31 last year, the effect would be to lift borrowings limits to £1,020.7m from £816.6m.

The shares closed a penny off the day's best at 1107p, after touching 1100p, a net decline of 3 from last Friday's close. There were also proposals to alter employee option schemes.

A 19 per cent improvement in year-end profits to £176.3m from Inchcape did not impress the market. The shares fell 18 to 265p.

Dealers reported plenty of overseas selling of the front-*line electronics*, with British Telecom especially vulnerable. BT shares ended a difficult session at the day's low of 271p, a net decline of 9, as 17m shares moved through the Seaq system, well up on usual levels of business in the stock.

"Overseas investors had obviously been watching television pictures of the poll-tax riots and know the Government is under heavy pressure," said one trader, who added that the weakness of sterling against the dollar was another bearish factor for US investors.

STC strongly rallied after Friday's Kleinwort Benson-inspired decline, closing 4 up at 248p on 1.6m.

British Steel initially continued to benefit from Friday's good sentiment in the wake of *a visit to the UK by six US* analysts. Trading was brisk and picked up further as New York opened.

However, one US house in particular sold the stock steadily and the shares lost their composure to close 3 lower at 142p. Volume reached 7.9m and traders said that turnover yesterday afternoon was higher in New York than it was in London.

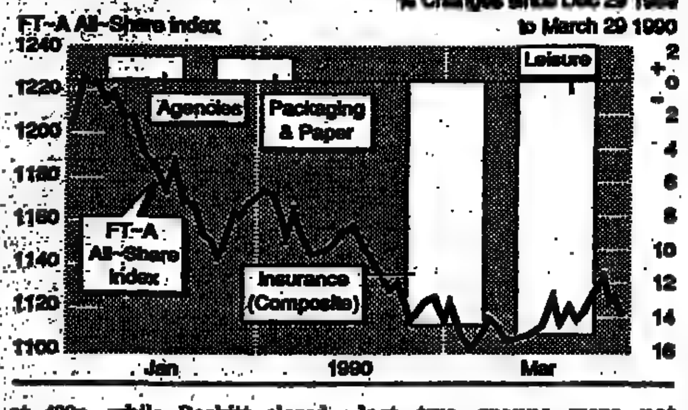
Coloroll ordinary shares dropped nearly a third in value as holders reacted nervously to passing of the dividend on the 9 per cent preference, announced after the close of business on Friday.

Seaq does not record volume in Coloroll issues but unofficial estimates of turnover yesterday were exceedingly high, *ranging from 3m to 5m* ordinary shares. The price tumbled to 15½p, down 7 on the day, after a low of 15p, while the 9 per cent preference stock wilted 19 to 32p.

Newcomer to the main market, QS Holdings, put on a cheerful face despite the surrounding gloom. Shares of the south of England-based retailer of family clothing began life at 107p and by the close had firmed to 106p. The Berry family retain a majority holding after 27.7 per cent of the company's shares were recently placed at 100p by brokers Panmure Gordon.

■ Other Market statistics, including the FT-Actuaries share index, Page 27

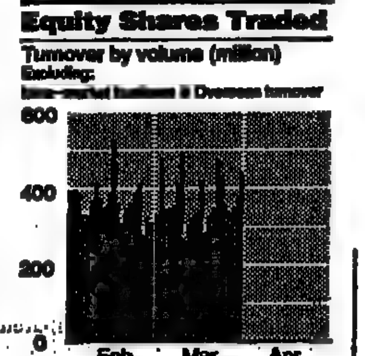
% Changes since Dec 29 1989 to March 29 1990



FT-A All-Share Index

Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (23).
BRITISH FUNDS (1) AMERICANS (1) CANADIANS (1) ELECTRICALS (2) ENGINEERING (1) FOODS (1) INDUSTRIALS (4) Handley-Walker, Ipeco, Schlumberger, Takare, MOTORS (3) PAPERS (2) PROPERTY (3) TRUSTS (1) OILS (1) THIRD MARKET (1).

NEW LOWS ([illegible]).
CANADIANS (1) BANKS (10) BREWERS (6) BUILDINGS (24) CHEMICALS (4) STORES (23) ELECTRICALS (30) ENGINEERING (39) FOODS (18) INDUSTRIALS (64) Alexandra W'wear., Alumasc, Am. Bus. Systems, BBA, BTS, Berdon, Beazer, [illegible], Bodycote Intl., Brammer, Brandon Hire, CSR, Coloroll, Cookson, Cosalt, Courtney Pope, [illegible], [illegible] DG., Penner, Grampian, Granada, Do. 7½pc Cv., Grovewood, IWP, Isotron, Johnson Cleaners, Johnson Matthey, Johnston Grp., Lincat, London Fin. & Inv, Mayborn, Norcros, Norton, Parkfield, Petrocon, Photo-Me, Pilkington wrrnts., Porter Chadburn, Reed Executive, Savage, Securicor, Do. "A", Security Services, Sheldon Jones, Shiloh, SmithKline Beecham A, Storngard, Tamaris, Do. 8½pc Pf., Tribble Harris, Waterford Wedgwood, Westerly, Williams Pref., Wyndham, INSURANCE (8) LEISURE (16) MOTORS (4) NEWSPAPERS (7) PAPERS (11) PROPERTY (33) SOUTH AFRICANS (7) TEXTILES (16) TOBACCOS (1) TRANSPORT (5) TRUSTS (56) OILS (5) OVERSEAS TRADERS (3) MINES (46) THIRD MARKET (6).

FINANCIAL TIMES STOCK INDICES

	Apr 2	Mar 30	Mar 29	Mar 28	Mar 27	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	76.68	76.65	76.45	76.31	76.31	86.81	84.20 (2/1)	75.91 (21/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	86.08	85.79	85.97	85.55	85.28	98.06	92.91 (8/1)	85.12 (23/3)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1749.1	1768.7	1781.2	1793.0	1786.6	1706.5	1968.3 (3/1)	1745.7 (6/3)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	263.4	274.7	272.3	274.2	269.8	190.9	378.5 (6/2)	263.4 (2/4)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2221.6	2247.9	2263.0	2275.0	2266.2	2079.6	2463.7 (3/1)	2216.0 (6/3)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	5.12	5.06	5.01	4.98	4.99	4.49				
Earning Yld %(full)	12.18	11.97	11.87	11.76	11.80	10.87				
P/E Ratio(Net)(☆)	9.92	10.11	10.20	10.28	10.27	11.11				
SEAQ Bargns 4.45pm	31,616	28,663	28,000	25,388	30,883	37,806				
Equity Turnover(£m)†	-	738.45	669.58	645.35	702.60	1095.00				
Equity Bargains†	-	29,457	29,147	30,100	32,645	45,030				
Shares Traded (ml)†	-	443.0	381.9	352.5	343.5	524.7				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 9.87

Ordinary Share Index, Hourly changes Day's High 1749.2 Day's Low 1741.8

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1749.0	1744.1	1746.6	1743.0	1745.5	1743.1	1742.9	1745.1	1748.1

FT-SE, Hourly changes Day's High 2224.5 Day's Low 2211.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2224.3	2216.4	2221.0	2212.5	2214.8	2213.0	2213.5	2216.3	2220.8

GILT EDGED ACTIVITY

Indices*	Mar 30	Mar 29
Gilt Edged Bargains	83.4	89.6
5-Day average	95.0	99.7

*SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT Indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request.
London report and latest Share Index: Tel. 0898 123001.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	2,300	188	+1	Courtaulds	1,000	329	-8	MEPC	1,100	498	-1	Slough Ests	351	296	+4
ASDA Group	4,100	104	-3	Dalgety	342	353	-3	Manpower	281	86	-1	Smith (W.H.) A	280	289	-7
Abbey National	2,800	193	-1½	Dixons	2,100	122		Marks & Spencer	3,200	198	-1	Smith & Nephew	1,100	118½	-2½
Allied-Lyons	1,300	438	-10	ECC Group	553	380	-1	Maxwell Comm.	742	189		SmKl Beecham	1,400	480	
Amstrad	3,600	74	+1	Enterprise Oil	313	605	-2	Mecca Leisure	1,600	110	-11	SmKl Beecham Units	44	2253	-29
Anglian Water	1,800	180½	-2½	FKI	3,100	66		Midland Bank	437	332	-3	Smiths Inds.	110	239	-1
Argyll Group	1,700	282	-2	Ferranti	6,900	43½	-½	NatWest Bank	5,050	345	-7	South West Water	109	162	-1
Ass. Brit. Foods	223	385	-8	Fisons	1,000	335	-1	Next	3,800	90	-4	Southern Water	180	140	-3
BAA	1,200	386	-5	Gen. Accident	195	1075	-4	North West Water	437	157½	-3½	Standard Chartd.	810	541	-5
BAT Inds.	2,900	773	-14½	General Elect.	6,700	196	-2½	Northern Foods	1,000	293	-5	Storehouse	1,800	118	-1
BET	2,400	225	-3	Glaxo	2,200	773	+2	Northumbrian Water	165	169		Sun Alliance	3,000	290	-4½
BICC	1,000	436	-1	Globe Inv.	349	167	-2½	Pearson	316	678	-17	Sun Life	18	[illegible]	-7
BOC	515	588	-3	Glynwed Int.	310	249	-1	P & O	844	590	-2	T&N	875	169	-1
BPB Inds.	780	219	-1	Granada	1,100	261	-4	Pilkington	976	208	-3	TI Group	411	446	-4
BTR	2,200	420	-6	Grand Met.	1,300	594	-1	Polly Peck Intl.	1,000	392	-6	TSB	1,300	138	-3
Barclays	2,100	579	-8	GUS A	376	975	-11	Prudential	2,900	199		Tarmac	1,300	217	-1
Bass	414	997	-3	GRE	1,800	222	-9	RHM	826	382	-6	Tate & Lyle	1,100	277	-6
Beazer	773	141	-2	GKN	531	382		RMC	210	817	-7	Taylor Woodrow	767	249	-7
Berisford Int.	1,000	144	+6	Guinness	1,500	570	-14	RTZ	1,100	601	-1	Tesco	2,600	197	-1½
Blue Circle	535	209	-6	Hammerson 'A'	40	700	-15	Racal	4,100	192	-6	Thames Water	255	148½	-1½
Boots	2,100	270	-1	Hanson	8,700	228½	-1½	Racal Telecom	177	345	-8	THORN EMI	898	682	-7
Brit. & Comm.	917	80	-1	Hanson Warrants	598	53		Rank Org.	502	763	-14	Trafalgar House	483	328	-3
Brit. Aerospace	486	604	-8	Harrisons Cros.	1,000	148	-4	Reckitt & Colman	315	1130	+12	Trusthouse Forte	1,200	266	-7
British Airways	2,300	199	-4	Hawker Sidd.	433	605	-7	Redland	271	542	-9	Ultramar	653	364	-1
British Gas	8,500	210½	-3	Hillsdown	3,100	225	-6	Reed Intl.	1,100	409	-7	Unigate	436	285	-3
British Land	154	340	-1	IMI	205	225		Reuters	958	1107	-3	Unilever	2,300	659	-3
BP	20,000	323½	-6	ICI	734	1077	-6	Rolls Royce	5,000	181½	-4½	United Biscuits	948	314	-8
British Steel	7,800	142	-3	Inchcape	951	265	-18	Rothmans	249	630	-15	Utd. Newspapers	289	348	-1
British Telecom	17,000	271	-9	Kingfisher	1,800	278	-4	Ryl Bk Scotland	440	182	-3	Water Package Uts.	3	£1515	-29
Bunzl	548	98		Ladbroke	1,200	297	-7	Royal Insurance	1,300	472	-8	Wellcome	305	699	-5
Burmah Oil	279	590	-6	Land Securities	516	486		STC	1,600	248	+4	Welsh Water	122	172	
Burton	941	160½	-1½	Laporte	135	532	-1	Saatchi	1,100	129	+4	Wessex Water	300	185	+1
Cable & Wire.	1,900	605	-8	Legal & General	691	374	+1	Sainsbury	2,800	245	-8	Whitbread 'A'	479	381	-1
Cadburys	1,100	319	+5	Lloyds Abbey	522	306	-2	Scottish & New.	1,000	280	-7	Williams Hldgs.	674	246	-8
Calor Group	135	258	-2	Lloyds Bank	4,900	299	-2	Sears	4,500	91½	-½	Willis Faber	336	255	-3
Carlton Comms.	1,600	551	+7	LASMO	424	593	-2	Sedgwick	1,000	249	+3	Wimpey	572	240	+1
Coats Viyella	1,600	127½	-½	Lonrho	850	287	-5	Severn Trent Water	438	135	+1	Yorkshire Water	287	169	-1
Comml. Union	569	450	-8½	Lucas	989	617	-4	Shell Transport	6,500	448	-8				
Cookson	1,400	189	+1	MB Group	590	196	-4	Siebe	135	481	-4				

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30 pm.

APPOINTMENTS

New chief at Royal Insurance

■ Mr Roy A. Elms has been appointed a group general manager of ROYAL INSURANCE HOLDINGS from May 1. He joined Royal in Kingston in 1950 and gained experience in a number of different areas in the UK before transferring to Canada in 1959. Appointments of increasing responsibility in the Royal Insurance Company of Canada followed culminating in his apppointment as president and chief executive officer in January 1987.

■ Mr Gregory Shenkman will join KLEINWORT BENSON on April 9 as a director in international corporate finance. He was previously a director of Swiss Bank Corporation Investment Banking.

■ Mr Hugh Stebbing has been made managing director of LLOYDS COMMERCIAL PROPERTIES (LCPL), a new wholly-owned subsidiary of Lloyds Bank. He is also chairman of Lloyds Commercial Property Developments and Lloyds Commercial Property Investments, *subsidiaries of* LCPL.

The following appointments have been made within Lloyds Commercial Properties Group. Lloyds Commercial Property Developments has appointed Mr Andrew Fielder as managing director and Mr Steven Lock a director. Mr Robert Smith has become managing director of Lloyds Commercial Property Investments.

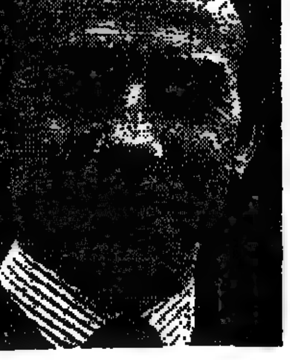
■ ALAN PATRICOF ASSOCIATES has appointed Mr John McMonigall as a director to lead the firm's investments in the telecommunications sector. He was managing director, operations, of British Telecom's communication systems division.

■ BANK OF TOKYO INTERNATIONAL has appointed Mr Gary Caesar as executive director of a new financial structuring and corporate distribution unit, based in London.

■ Mr Tatsuo Sato has been made managing director of TOSHIBA INFORMATION SYSTEMS (UK), the UK office automation company. He takes over from Mr Shunki Yatsunami who set up the company in 1986 and who moves on to a new role in Tokyo to develop markets in South America, Africa, the Middle East and Asia.

■ At the annual meeting of the LONDON DISCOUNT MARKET ASSOCIATION held last Friday, Mr G.R. Gilchrist was elected chairman in succession to Mr J.C. Barclay and the Earl of Clarendon was elected *deputy chairman.*

Mr Gilchrist is chairman of Union Discount Company and the Earl of Clarendon is chairman of Seccombe Marshall & Campion.



As a result of new management arrangements with Octogon Industries, the following appointments have been made to the ALHPAMERIC board: Dr Geoff Bristow *(pictured)* has become chairman; Mr Rodney Hornstein has been made chief executive and Mr Alan Benjamin and Dr Robert Wilmot have become non-executive directors.

Both Dr Bristow and Dr Wilmot are founder directors of Octogon Industries, a management services company concentrating on special situations in the information technology industry.

■ NCR has appointed Mr John Wroe as divisional director, education.

■ FIBERNET has appointed Mr Ted Hailey as financial director. He was previously financial planning manager at Dixons Group.

■ D.Q. HENRIQUES, the operating subsidiary of Associated-Henriques, has promoted Mr Deon Kibel to the board. He has special responsibility for client relations and credit vetting.

■ HENDERSON UNIT TRUST MANAGEMENT has appointed Mr Ian Chimes to the board. He was appointed an assistant director in December 1989.

■ SIMON ENGINEERING, the equipment, industrial services and process engineering group, has made the following financial appointments. Mr Brian Horner becomes financial director of the access sub-group, based in Gloucester. He was financial director of the equipment sub-group.

Mr Colin Batty has been made financial director of the equipment sub-group. He was previously director of operational analysis and is succeeded by Mr Tom Sangani, who joined Simon in June 1988 as a senior analyst.

Mr Colin Fletcher, previously financial director of the access sub-group, joins the group finance team with responsibility for the financial appraisal and post-acquisition reporting of acquisitions.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1990 High	1990 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
99⅛	96⅝	Treas. 3pc 1990	[illegible]	[illegible]	3.03	[illegible]
98¾	97½	Treas 8¾pc 1987-90	[illegible]	[illegible]	8.35	[illegible]
98⅞	97¼	Treas. 8pc Cv 1990	[illegible]	[illegible]	8.14	[illegible]
97½	96⅝	Treas. 10pcCv 1990	[illegible]	[illegible]	10.25	[illegible]
94½	93¼	Exch 2½pc 1990	[illegible]	[illegible]	2.65	[illegible]
98⅝	97¼	Treas 11½pc 1991	[illegible]	[illegible]	12.01	[illegible]
93⅞	92⅞	Funding 5¾pc '87-91	[illegible]	[illegible]	6.17	[illegible]
91	89¼	Treas. 3pc 1991	[illegible]	[illegible]	3.30	[illegible]
96¼	94½	Treas 10pc Cv '91	[illegible]	[illegible]	10.49	[illegible]
97¼	94⅝	Exch. 11pc 1991	[illegible]	[illegible]	11.53	[illegible]
92⅛	90⅞	Treas. 8pc 1991	[illegible]	[illegible]	8.79	[illegible]
101¼	97⅝	Treas 12¾pc 1992	[illegible]	[illegible]	13.01	[illegible]
96	92¾	Treas 10pc 1992	[illegible]	[illegible]	10.69	[illegible]
91⅞	89¼	Treas. 8pc 1992	[illegible]	[illegible]	8.91	[illegible]
97⅝	93¼	Treas 10½pc Cv 1992	[illegible]	[illegible]	11.16	[illegible]
84⅞	82⅛	Treas. 3pc 1992	[illegible]	[illegible]	3.61	[illegible]
100⅞	96⅜	Exch. 12¼pc '92	[illegible]	[illegible]	12.64	[illegible]
104	98⅝	Exch 13½pc 1992	[illegible]	[illegible]	13.56	[illegible]
91½	86¼	Treas 8¾pc 1993	[illegible]	[illegible]	9.39	[illegible]
96⅜	90¾	Treas 10pc 1993	[illegible]	[illegible]	[illegible]	[illegible]
103⅞	96⅛	Treas 12½pc 1993	[illegible]	[illegible]	12.79	[illegible]
85⅞	82⅝	Funding 6pc 1993	[illegible]	[illegible]	7.25	[illegible]
107⅜	100	Treas 13¾pc 1993	[illegible]	[illegible]	13.54	[illegible]
91	85¾	Treas. 8½pc 1994	[illegible]	[illegible]	9.85	[illegible]
111⅜	103½	Treas 14½pc 1994	[illegible]	[illegible]	13.88	[illegible]
107⅜	100	Exch 13½pc 1994	[illegible]	[illegible]	[illegible]	[illegible]
96⅝	89⅛	Treas. 10pc Ln 1994	[illegible]	[illegible]	11.01	[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

BRITISH FUNDS—Contd

Index-Linked

[illegible]

INT. BANK AND O'SEAS

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Contd

1990 High	1990 Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
[illegible]	[illegible]	Campbell Soup 15c	[illegible]	[illegible]	$1.00	-	1.9
[illegible]	[illegible]	Chase Manhattan $12½	[illegible]	[illegible]	$2.3[illegible]	-	[illegible]

[illegible]

CANADIANS

[illegible]

Continued on next page

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
303	241	ANZ SA1	241	−3	44c	1.4	8.2	8.6
196	172	Abbey National 10p	193	−1½	5.7	4.3	3.9	7.8
282	233	Allied Irish Ord	260	−2	††Q68%	3.3	3.1	13.4
£13¼	£11⅞	Algemene Fl.10	£12¼		Q28%	2.0	7.0	7.2
85	73	Anglo Irish	82		Q18.7%	2.7	5.4	11.2
81	71	Ansbacher (H.) 1p	72		2.5	1.3	4.6	20.7
£68¼	£54¼	Bancaire Cie Fr100	£62¾		Q12¼%	—	2.2	—
£22¼	£16⅝	Banco Bilbao Viz	£16⅝		Q17.9%	2.0	4.3	11.5
£31	£24½	Banco de Santander	£24½		Q25%	2.4	4.7	8.9
286	246	Bank Ireland Ir£1	260	−3	Q12.3%	3.2	4.5	8.9
£19½	£18	Bank Leumi	£19½		—	—	—	—
350	320	Bank Leumi (U.K.)	345		†13.5	—	5.2	—
125	113	Bank Scotland	118	−1	†3.8	3.6	4.3	8.5
100¼	90	Do. 9¼pc Irrd Pf.	92		9¼%	—	13.4	—
54	52	Bank of Wales	52		2.8	1.6	7.2	10.9
599	539	Barclays £1	579	−8	27.4	3.6	6.3	5.7
22	16	Benchmark 20p	16		1.63	1.0	14.2	8.8
335	310	Brown Shipley £1	315		†10.5	—	4.4	—
455	404	Cater Allen £1	404	−5	23.5	—	7.8	—
179	149	Chancery	161		†8.0	2.8	6.6	7.1
£23¼	£19⅞	Commerzbk DM10	£22	−⅛	Q18%	—	3.0	—
£27	£23¼	C'hgn Hbk Kr100	£25¼	+¼	Q15%	—	5.5	—
£13½	885	Dai Ichi KBk Y50	895xc	−15	††Q16%	8.8	0.3	34.2
£313⅝	£267¼	Deutsche Bk DM50	£292	−4¼	Q28%	—	1.7	—
£20⅞	£19	Espirito Santo	£19½		Q75c	3.3	2.3	13.3
253	211	First Nat. Fin. 10p	225	+2	13.0	2.4	7.7	6.9
121	106	FNFC 6.3pc Cv Pf	113		6.3%	—	7.4	—
£15¼	978	Fuji Bank Y50	978	−172	Q15.6%	4.2	0.3	—
325	269	Gerrard & National	273	−1	18.5	—	9.0	—
154	146	Guinness Mahon 10p	146	−2	4.21	—	1.9	—
328	264	Hambros 20p	264	−8	†10.0	—	5.1	—
128	107	Do. 7.5pc Cv Pf	107	−1	7½%	—	9.3	—
59	53½	HK & Shang. HK$2.50	55	−½	Q42c	—	6.0	—
478	458	Joseph (Leo) £1	458		15.85	—	4.6	—
145	133	King & Shaxson 20p	136	−2	9.25	—	9.1	—
422	358	Kleinwort Benson Grp	362xd	−6	16.0	●	5.9	●
642	405	Kyowa Bank Y50	405xc	−51	Q14%	4.7	0.7	30.6
307½	277	Lloyds £1	299	−2	13.3	2.6	5.9	7.0
56	47	Lon. Scot. Bank 10p	48	−1	2.4	1.8	6.7	10.1
404	324	Midland £1	332	−3	18.0	2.6	7.3	6.9
£14½	£10⅞	Mitsubishi Bank Y50	£10⅞		Q16%	9.1	0.3	44.6
£12¼	£6⅞	Mitsubishi Tst & Bk Y50	£6⅞xc	−⅞	Q16%	8.2	0.5	24.7
£10⅝	£7⅛	Mitsui Bank Y50	£7⅛	−½	Q16%	6.0	0.4	39.4
904	559	Mitsui Tst & Bk Y50	559	−38	Q16%	7.1	0.6	24.8
326	284	Nat Aust. Bk A$1	287	−2	Q50c	1.6	7.9	7.9
360	330	Nat West £1	345	−7	16.7	3.3	6.5	6.3

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS — Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS — Contd

[illegible]

ENGINEERING

[illegible]

ENGINEERING — Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) — Contd

[illegible]

INDUSTRIALS (Miscel.) — Contd

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LONDON SHARE SERVICE

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MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

MINES—Contd

[illegible]

THIRD MARKET

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.
Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ● Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ¶ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ⊞ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89 G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989 K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90 P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p....γ	78	-2
Craig & Rose £1..γ	810	-10
Finlay Pkg. 5p...γ	56	-2
Holt (Jos) 25p.....γ	1345	+2

IRISH

Cap 8½% Ln. 1991	£96¼	.....
9pc Cap Ln. 1996	£92½	+1¼
Fin. 13% 97/02...	£109	.....
Arnotts..............	460	+5
Carrol (P.J.).......γ	167	-1
Hall (R. & H.).......	140	-40
Heiton Hldgs.......γ	87	....
IRG	215	....
United Drug.........	160	-6

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	39
Amstrad	5½
Astec (BSR)	54
BAT	83
BOC Grp	45
BTR	36
Barclays	49
Blue Circle	19
Boots	23
Bowaters	38
Brit Aerospace	42
British Steel	9
Brit. Telecom	25
Cadburys	27
Charter Cons	40
Comm Union	40
Courtaulds	24
Eurotunnel	60
FKI	7
FNFC	21
Gen Accident	90
GEC	18
Glaxo	56
Grand Met	45
Guardian	29
GKN	33
Hanson	18
Hawker Sidd	55
ICI	85
Ladbroke	25
Legal & Gen	34
Lex Service	26
Lloyds Bank	22
Lucas Inds	52
Marks & Spencer	17
Midland Bk	27
Nat West Bk	29
P & O Dfd	50
Polly Peck	37
Racal Elect	19
RHM	35
Rank Org Ord	68
Reed Intnl	33
STC	20
Sears	9½
SmKl. Beecham A	46
TI	38
TSB	11
Tesco	17
Thorn EMI	61
Trust Houses	22
T&N	27
Unilever	56
Vickers	18
Wellcome	60

Property

Brit Land	32
Control Secs	5
Land Securities	44
MEPC	44
Mountleigh	14

Oils

Aviva Petlm	5½
Brit Petroleum	28
Burmah Oil	52
Conroy Petlm	12
Gaelic Res	4½
Premier	10
Shell	37
Tuskar Res	10
Ultramar	31

Mines

Lonrho	22
RTZ	45

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £1050 per annum for each security.

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H

Brown Shipley & Co Ltd – Contd.

Barclays Unit Tst Mngrs Ltd (1400)H

Gartmore Fund Managers – Contd.

Lazard Unit Tst Mngrs Ltd (1200)F

Legal & General (U.T. Mgrs) Ltd (1200)H

Merlin Jupiter Unit Tst Mngrs Ltd (0900)F

Metropolitan Unit Trust Mngrs Ltd (1000)F

Midland Unit Trusts Ltd (1200)F

Pearl Unit Trusts Ltd (1000)H

Pembroke Administration Ltd (1700)F

Perpetual Unit Trust Mngmt (1600)F

Schroder Unit Trusts Ltd – Contd.

Eagle Star Unit Mngrs Ltd (1000)H

Global Asset Management (1200)F

Framlington Unit Mgmt Ltd (1200)H

MIM Britannia Unit Tst Mgrs Ltd (1000)F

PK English Trust Co Mngt Ltd (1000)F

12 Centaurus St, London EC1M 6EB 01-796 1206

† Dealing Day: Wed. *Dealing day: Thurs.

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES

OFFER PRICE

The price at which units may be bought.

BID PRICE

The price at which units may be sold.

CANCELLATION PRICE

TIME

HISTORIC PRICING

The letter H denotes that the managers will deal on a historic price basis.

FORWARD PRICING

The letter F denotes that prices are set on a forward basis.

SCHEME PARTICULARS AND REPORTS

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	Init Charge	Canc. Price	Bid Price	Offer Price	+ or –	Yield Grs
Thornton Unit Managers Ltd (1000)F						
33 Cavendish Sq., London W1M 7HF 01-493 7262						
Dealing 01-493 8545						
American Opps	5	52.16	53.04	56.56	+0.37	0.20
(Accum Units)	5	53.68	54.58	58.21	+0.39	0.20
European Opps	5	77.51	77.91	83.09	+0.29	0.00
(Accum Units)	5	77.95	78.35	83.55	+0.30	0.00
Far Eastern Opps	5	132.95	132.87xd	141.71	-2.40	0.00
(Accum Units)	5	133.40	133.72xd	142.62	-2.41	0.00
Golden Opps	5	40.13	40.13	42.80	-0.22	0.00
(Accum Units)	5	41.28	41.28	44.02	-0.23	0.00
Int'l Hi-Yield	5	59.46	59.50	63.46	-0.14	4.34
(Accum Units)	5	64.82	64.86	69.18	-0.15	4.34
Sanyo Japan Tst	5	59.74	59.74	63.71	-3.85	0.00
(Accum Units)	5	59.74	59.74	63.71	-3.85	0.00
Kangaroo	5	30.41	30.41	32.43	-1.52	1.29
(Accum Units)	5	30.59	30.59	32.62	-1.52	1.29
Oriental Income	5	33.05	33.09xd	35.29	-0.37	4.95
(Accum Units)	5	37.53	37.60xd	40.10	-0.42	4.95
Pacific Technology	5	60.22	60.22xd	63.62	-0.56	0.00
(Accum Units)	5	60.72	60.71xd	64.13	-0.55	0.00
Tiger	5	152.01	[illegible]	161.13	-0.45	0.68
(Accum Units)	5	154.38	154.38	164.66	-0.45	0.68
UK Hi-Yield	5	43.01	43.01	45.86	-0.06	4.99
(Accum Units)	5	49.17	49.17	52.44	-0.07	4.99
UK Opps	5	54.02	56.41	60.32	-0.22	0.70
(Accum Units)	5	58.76	61.56	65.64	-0.25	0.70
Three Counties Asset Mngmt Ltd (1430)F						
Cuthbert House, Tower Road, Washington NE37 2SH 091 415 3034						
Balanced Portfolio	6	92.02	92.73	98.65	-1.26	4.00
Touche Remnant Unit Tst Mngt Ltd (1600)F						
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 01-248 1250						
4 Hourly Pricing – 12 Noon Historic						
TR American Grth	5¼	47.35	47.35xd	50.50	+0.28	0
TR Eur Sp Sits Acc	5¼	43.81	43.81	46.69	+0.72	0
TR Global Tech	5¼	74.31	74.31	79.26	-0.87	0

	Bid Price	Offer Price	+ or –	Yield Grs
J. Rothschild Fund Managers Ltd				
Intl Exempt	142.9	144.4	+0.21	3.58
Stewart Ivory & Co Ltd				
Saints PPP Mar 14	255.5	269.0	—	0.00
Closed to new business.				
Thornton Unit Managers Ltd				
Managed Exempt Apr 2	100.80	107.47xd	-0.32	3.85
(Accum Units)	101.56	108.31xd	-0.34	3.85
Touche Remnant Unit Tst Mngt Ltd				
TR Exempt European	997	1005	—	2.28
TR Exempt Nth Amer	992	1005	—	3.25
TR Exempt Pac Basin	916	927	—	0

INSURANCES

	Bid Price	Offer Price	+ or –	Yield Grs
AA Friendly Society				
Investment Mngt: M & G Inv Mngt Ltd				
AA Friendly Sy Mar 9	—	169.5	—	
Abbey Life Assurance Co Ltd				
80 Holdenhurst Road, Bournemouth 0202 292373				
Prop. Ser. 4	298.6	314.4	—	—
Equity Ser. 1	127.1	133.8	-2.4	—
Prop. Acc. Ser 2	[illegible]	[illegible]	—	—
Equity Ser 2	147.4	155.2	-2.7	—
Selective Acc	338.3	356.1	-3.4	—
Prop. Ser. 4	360.6	379.6	-2.2	—
Equity Ser. 4	151.1	159.1	-2.2	—

Barclays Life Assur. Co Ltd
252 Romford Road, London E7

Barclaybond; Managed Accum; Equity Accum; Property Accum; International Accum; Gilt-edged Accum; Money Accum; American Accum; Australia Accum; Financial Accum; "500" Accum; European Growth Accum; Income Accum; Japan & Gen Accum; Leisure Accum; Spec Sits Fd Accum; Universal Tec Accum; Smaller Co's Accum; Do Initial; Managed Pns Accum; Equity Pns Accum; Intnl Pns Accum; Gilt-edged Pns Accum; Money Pns Accum; Property Pns Accum; "500" Pens Accum; Income Pens Accum; Smaller Cos Pens Accum; Special Sits Pens Accum; Financial Pens Accum; Leisure Pens Accum; America Pens Accum; Australia Pens Accum; European Gwth Pens Accum; Japan & Gen Pens Accum; Universal Tech Pens Accum; Pens Deposit Accum

For prices of initial Units phone 01-534 5544.

Black Horse Life Assurance

OTHER UK UNIT TRUSTS

Continued on next page

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National Financial Management Corp PLC
72 Gatehouse Rd Aylesbury, HP19 3XJ 0296 395939

	Bid Price	Offer Price	+ or –	Yield Gross
Life Funds				
Managed Cautionary	102.7	108.1	+0.1	–
Managed Growth	138.7	146.0	–0.9	–
Managed Opportunity	141.5	149.0	–1.0	–
NFMC Target Financial	101.5	106.9	–1.0	–
Pension Funds				
Managed Cautionary	107.5	113.2	.....	–
Managed Growth	142.7	150.3	–1.0	–
Managed Opportunity	143.5	151.1	–1.2	–
NFMC Target Mngd Pens	1447.3	1523.5	–21.8	–

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or –	Yield Gross
Managed Fund	221.3	232.9	.	–
Managed Prospect Fund	185.7	195.5	.	–
Pens Managed	288.5	303.7		–
Pens UK Equity	334.4	352.0	.....	–
Pens Overseas Equity	411.8	433.5	.....	–
Pens Property	156.4	164.7	...	–
Pens Fixed Interest	168.2	177.1	.....	–
Pens Index Linked	142.5	150.0	.....	–
Pens Deposit	192.4	202.6	.....	–
[illegible]				
UK Equity	146.2	153.9	.....	–
Overseas Equity	147.4	155.2	–	–
Fixed Interest	115.0	121.1	.	–
Property	130.2	137.1	.	–
Index Linked	129.4	136.3	–	–
Deposit	133.5	140.6	.	–
Managed	145.4	153.1	.....	–
With Profits	136.5	143.7	.....	–

National Provident Institution
48 Gracechurch St, London EC3P 3HH 01-623 4200

	Bid Price	Offer Price	+ or –	Yield Gross
Managed	333.7	351.3	–4.3	–
UK Equity	422.4	444.7	–6.5	–
Overseas Eq	354.3	373.0	–3.2	–
Americas	269.3	283.5	+2.4	–
Far East	349.5	367.9	–15.3	–

Providence Capitol Life Assc. Co Ltd – Contd.

	Bid Price	Offer Price	+ or –	Yield Gross
UK Managed Initial		113.2	–1.3	–
Property Initial		166.1	–0.1	–
Money Initial		79.6	+0.1	–
Special Market Initial		135.3	+0.6	–
Japan Equity Initial		88.5	–3.2	–
North American Initial		84.4	+0.6	–
Pacific Initial		77.7	–1.4	–
Technology Initial		93.1	–0.7	–
Nat Resources Initial		57.0	+0.1	–
European Initial		106.7	+0.2	–
Residential Prop Init.		97.0	–6.6	–
Swiss Equities Initial		36.4	+0.1	–
Hong Kong Initial		49.6	–0.4	–
UK High Inc Eq Init.		64.5	–1.5	–
Int Fixed Interest Init.		48.5	–0.2	–
Int. Managed Init.		56.6	–0.1	–
HIP Managed Init		112.2	–0.7	–
HIP Managed II Initial		98.8	.....	–
Broker Funds				
High Performance	75.3	79.4	–0.1	–
Towerhill Mngd Fd Acc.	51.4	54.2	–0.4	–
YRA Executive Fd	91.7	96.7	–0.4	–
£ Global Growth Acc	130.5	137.6	.	–
£ High Income Money Acc.	121.4	117.7	.	–
IM Balanced		55.1	–0.4	–
H F Speculator Fd		156.9	–0.9	–
PEP Acorn II		123.2	–0.8	–
PEP Cautionary		90.0	+2.3	–
AAFS Int Man Fund		119.8	–0.4	–
Ascham-Green Inv Port.		100.4		–
Individual Pension Funds				
UK Equity Acc	215.2	227.1	–5.6	–
UK Fixed Interest Acc.	172.9	181.4	–0.7	–
Intl Equities Acc	251.3	264.9	–0.7	–
UK Managed Acc	177.7	187.4	–2.6	–
Property Acc.	208.8	220.3	–0.1	–
Money Acc	137.6	145.2	+0.1	–
Special Market Acc	272.5	287.5	+1.8	–
Japan Equity Acc	179.4	189.3	–11.0	–
North American Acc	132.0	139.3	+1.3	–

[illegible]

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

[illegible]

MANAGEMENT SERVICES

[illegible]

IoM (SIB RECOGNISED)

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

حكذا من الأصل

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SWITZERLAND (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

DUBLIN (SIB RECOGNISED)

GUERNSEY (**)

JERSEY (**)

ISLE OF MAN (**)

LUXEMBOURG (**)

OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Yen and sterling above worst

THE SHARP fall in Tokyo share prices put further pressure on the yen yesterday, while sterling was sold in early London trading, following the riots in central London at the week-end. Both currencies finished lower, but made some recovery to close towards the top of the day's ranges.

The dollar gained ground, but this was mainly a result of the weakness of the yen and sterling, plus uncertainty surrounding the D-Mark on the implications of German monetary union.

At the London close the dollar had advanced to Y158.75 from Y157.30, but came back from a high of Y160.10 touched in European trading. Earlier in Tokyo the dollar rose to a peak of Y160.35, the highest level since December 1986, as prices of Japanese equities fell 6.6 per cent. Profit taking and dollar sales of around $200m to $300m by the Bank of Japan brought the dollar down below Y160 again, but sentiment surrounding the yen remained very weak.

The dollar rose above DM1.70, as the market reacted with caution to the Bundesbank's proposals for German monetary union. Dealers were not unhappy with the proposed conversion rate of two East German ostmarks for every D-Mark, but feared that political pressures could yet produce a different rate. As the dollar climbed to DM1.7030 from DM1.6875 at the London close the D-Mark lost ground to the Italian lira and French franc, despite speculation about a cut in the Bank of Italy's discount rate and yesterday's reduction in the Bank of France's money market intervention rate, the main instrument of monetary policy.

The D-Mark fell to L736.35 from L736.60 against the lira and declined to FFr3.3630 from FFr3.3645 in terms of the franc. At the Paris fixing the franc touched its highest level against the D-Mark since May 1988.

US economic data was much as expected, including a rise to 48.8 per cent in the National Association of Purchasing Management Index for March. There was little impact on the dollar, which at the London close had climbed to SFr1.5070 from SFr1.4945 and to FFr5.7275 from FFr5.6775. The dollar's index advanced to 69.0 from 68.6.

Sterling fell over 2½ cents in early trading, threatening to fall below $1.62. It also lost 2¼ pfennigs to DM2.7550 as the foreign exchanges reacted with alarm to news of the violence in London at the week-end. This was seen as a major problem for the ruling Conservative Party after a recent series of political and economic setbacks.

The pound rallied, but remained nervous. It closed 1.65 cents lower at $1.6310, while recovering most of its losses against the D-Mark, to finish at DM2.7775, against DM2.7800 on Friday. Sterling also fell to SFr2.4575 from SFr2.4625 and to FFr9.3425 from FFr9.3525, but was unchanged at Y259.25. The pound's index shed 0.5 to 87.4.

£ IN NEW YORK

Apr. 2	Latest	Previous Close
£ Spot	1.6300-1.6310	1.6445-1.6460
1 month	0.87-0.86pm	0.87-0.85pm
3 months	2.60-2.57pm	2.60-2.57pm
12 months	9.20-9.13pm	9.20-9.13pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

[illegible]

CURRENCY RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

£	$
...	...
Malaysia 4.4335-4.4445	2.7310-2.7330
Mexico 4510.40-4514.85	2776.50-2777.50
N. Zealand 2.8025-2.8070	1.7255-1.7275
Saudi Ar. 6.0675-6.1220	3.7500-3.7510
Singapore 3.0575-3.0650	1.8840-1.8860
S. Af (Cm) 4.3295-4.3405	[illegible]
S. Af (Fn) 6.5620-6.6970	4.0320-4.1150
Taiwan 42.95-45.05	26.40-26.45
U.A.E. 5.9175-6.0160	3.6715-3.6735

*Selling rate

EURO-CURRENCY INTEREST RATES

Apr 2	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	14½-14½	14½-14⅜	15-14½	15¼-15⅛	15¼-15⅛	15⅝-15⅛
US Dollar	8¼-8⅛	8¼-8⅛	8⅜-8¼	8⅜-8¼	8½-8⅜	9-8⅞
Can. Dollar	12⅞-12⅝	12⅞-12⅝	13¼-12⅞	13¼-13	13⅜-13⅛	13¼-13
D. Guilder	8⅛-7½	8⅛-7½	8¼-8⅛	8⅜-8¼	8½-8⅜	9⅛-8⅞
Sw. Franc	9-8⅞	9-8⅞	9-8⅞	9-8⅞	9-8⅞	9⅛-8⅞
Deutschmark	7½-7⅜	7½-7⅜	7½-7⅜	8⅛-8	8⅜-8¼	8⅝-8½
Fr. Franc	9⅝-9⅜	9⅝-9⅜	10-9⅞	10¼-10	10½-10⅜	10½-10⅜
Italian Lira	13-11	10½-9	11⅝-11⅜	12¼-11⅞	12⅝-12⅜	13¼-12⅞
Belgian Franc	10⅜-10⅛	10⅜-10⅛	10⅜-10⅛	10⅜-10⅛	10⅜-10⅛	10⅜-10⅛
Yen	7¼-7	7⅛-7⅛	7¼-7⅛	7⅜-7¼	7⅜-7¼	7⅜-7¼
D Krone	11⅝-11⅜	11½-11⅜	11½-11⅜	11½-11⅜	11½-11⅜	11½-11⅜
Asian $Sing	8⅜-8¼	8⅜-8¼	8⅜-8⅛	8½-8⅜	8⅝-8⅜	9-8⅞

Long term Eurodollars: two years 9¼-9⅛ per cent; three years 9⅜-9¼ per cent; four years 9½-9⅜ per cent; five years 9½-9⅜ per cent nominal. Short term rates are call for US Dollars and Japanese Yen, others, two days' notice.

POUND SPOT- FORWARD AGAINST THE POUND

Apr. 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6210-1.6340	1.6305-1.6315	0.87-0.85cpm	6.33	2.64-2.61pm	6.44
Canada	1.8985-1.9085	1.9055-1.9065	0.28-0.20cpm	1.51	0.80-0.67pm	1.54
Netherlands	3.10¼-3.13¼	3.12¼-3.13¼	1¼-1⅛cpm	6.47	5¼-5pm	6.47
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

[illegible]

EXCHANGE CROSS RATES

Apr. 2	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
...	...	...	...	...	...	...	...	...	...	...
S Fr.	0.407	0.664	[illegible]	105.5	3.801	1	[illegible]	[illegible]	[illegible]	[illegible]
H Fl.	0.319	0.521	[illegible]	82.84	2.985	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lira	0.489	0.798	1.358	126.8	4.569	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C $	0.525	[illegible]	1.458	136.0	4.902	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B Fr.	1.739	2.837	[illegible]	451.0	16.25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS; LIFFE US TREASURY BOND FUTURES OPTIONS; LIFFE BUND FUTURES OPTIONS; LIFFE EURODOLLAR OPTIONS; LIFFE EUROMARK OPTIONS; LIFFE SHORT STERLING OPTIONS

[illegible]

LONDON (LIFFE)

[illegible]

CHICAGO

[illegible]

BASE LENDING RATES

...	...	...	...	...	...
Beneficial Bank PLC	15	● Hill Samuel	§15	Whiteaway Laidlaw	15
Brit Bk of Mid East	15	C. Hoare & Co.	15	Yorkshire Bank	15
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk	15		
Clydesdale Bank	15	Midland Bank	15		
Comm Bk N.East	15	Mount Banking	15		
		Nat Bk. of Kuwait	15		

● Members of British Merchant Banking & Securities Houses Association. * Deposit now 5.9% Sunwise 8.5%. Top Tier-£50,000+ instant access 13.7% § Mortgage base rate. § Demand deposit 9%. Mortgage 15.2% - 15.95%

MONEY MARKETS

Nervous trading

THERE WAS a nervous tone to interest rates in London yesterday as sterling suffered from early selling in reaction to the violence in London last Saturday. Interbank rates opened about 1/16 per cent higher, but finished little changed on the day. Three-month money closed at 15¼-15⅛ per cent, against 15¼-15⅛ on Friday. One-year funds fell to 15 11/32-15 17/32 per cent from 15⅝-15½.

UK clearing bank base lending rate 15 per cent from October 5

Short sterling futures started weaker on Liffe but rallied as the pound recovered part of its early losses. June short sterling opened at 84.74, the day's low. It traded quietly, in a narrow range, before closing at 84.78, compared with 84.79 previously.

Credit was in short supply on the London money market. The Bank of England initially forecast a shortage of £900m, but revised this to £800m at noon, and to £950m in the afternoon. Total assistance of £938m was provided.

An early round of help was offered and at that time the authorities gave assistance of £502m. A total of £339m bills were bought outright, by way of £1m Treasury bills in band 2 at 14¾ per cent, and £338m bank bills in band 2 at 14¾ per cent. Another £163m bills were purchased, for resale to the market on April 9, at a rate of 14 15/16 per cent.

Before lunch another £100m bills were bought outright, via £28m Treasury bills in band 2 at 14¾ per cent, and £72m bank bills in band 2 at 14¾ per cent. In the afternoon the Bank of England purchased £261m bills outright, through £20m bank bills in band 1 at 14⅞ per cent; £10m Treasury bills in band 2 at 14¾ per cent; and £231m bank bills in band 2 at 14¾ per cent. Late assistance of around £75m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,409m, with bank balances below target absorbing £185m. These outweighed Exchequer transactions adding £140m to liquidity, and a fall in the note circulation of £555m.

In Paris the Bank of France cut its money market intervention rate to 9¾ per cent from 10 at a securities repurchase tender. The five to 10-day repurchase rate was reduced to 10½ per cent from 10¾.

In Amsterdam the Dutch Central Bank left its short-term special advances rate at 8.1 per cent when offering seven-day money to banks.

FT LONDON INTERBANK FIXING

(11.00 a.m. Apr. 2) 3 months US dollars / 6 months US Dollars

[illegible]

MONEY RATES

NEW YORK (Lunchtime) — Treasury Bills and Bonds

Prime rate	[illegible]	One month	[illegible]	Three year	[illegible]
Broker loan rate	9¾	Six month	8.20	Seven year	8.60
Fed. funds	8¼	One year	8.29	10-year	8.63
Fed. funds at intervention	-	Two year	8.59	30-year	8.62

Apr 2	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.75-7.85	7.80-7.95	8.00-8.15	8.10-8.25	8.50-8.65	8.00
Paris	10⅛-10⅜	10¼-10⅛	-	10⅛-10⅜	-	10.00
Zurich	8⅛-8¾	8⅝-8⅞	-	8⅞-9⅛	-	-
Amsterdam	[illegible]	[illegible]	-	8.30-8.40	-	-
Tokyo	6 11/16-7⅛	7⅛-7⅞	-	7⅜-7⅝	-	-
Milan	12¾-12⅞	12-12½	-	12½-13	-	-
Brussels	8.95	10⅜-10⅛	-	10⅜-10⅜	-	-
Dublin	10⅞-10½	11 11/16-11 13/16	11⅞-12	12-12⅛	12¼-12¾	-

LONDON MONEY RATES

Apr 2	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15⅛	14⅞	15 1/16	15⅜	15½	15⅝
Interbank Bid	13¾	14¾	14 15/16	15 3/16	15 7/16	15½
Sterling CDs	-	-	15	15¼	15 13/32	15 13/32
Local Authority Deps.	14 13/16	14 13/16	15	15¼	15⅜	15⅜
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	14¾	14 13/16	14⅞	14⅞	-	-
Company Deposits	-	-	15	15¼	15⅜	15⅜
Finance House Deposits	-	-	15	15¼	15⅜	15½
Treasury Bills (Buy)	-	-	14 13/16	14⅞	-	-
Bank Bills (Buy)	-	-	14 13/16	14 13/16	14⅞	-
Fine Trade Bills (Buy)	-	-	15 5/16	15⅜	15	-
Dollar CDs	-	-	8.37	8.42	8.62	8.88
SDR Linked Dep. Offer	-	-	9⅛	9⅜	9⅜	9½
SDR Linked Dep. Bid	-	-	9	9¼	9 5/16	9 7/16
ECU Linked Dep. Offer	-	-	9 13/16	10⅛	10 13/16	11
ECU Linked Dep. Bid	-	-	9 11/16	10¼	10 11/16	10⅞

Treasury Bills (sell): one-month 14 13/32 per cent; three months 14 13/32 per cent; Bank Bills (sell): one-month 14 11/16 per cent; three months 14⅝ per cent; Treasury Bills: Average tender rate of discount 14.5870 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day March 30, 1990. Agreed rates for period April 25 to May 25, 1990, Scheme I: 15.90 p.c., Schemes II & III: 16.57 p.c. Reference rate for period March 1, 1990 to March 30, 1990, Scheme IV&V: 15.311 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15½ from April 1, 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 11½ per cent, one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent, under £100,000 11½ per cent from Oct 9, 1989. Deposits withdrawn for cash 5 per cent.

COMPANY NOTICES

GENMIN GROUP
ANNUAL GENERAL MEETINGS

The Annual General Meetings of the undermentioned companies (all of which are incorporated in the Republic of South Africa) will be held in the board room, ground floor, Union Corporation Building, 74-78 Marshall Street, Johannesburg, on the date and times mentioned below:-

Name of Company	Date and Time of Meetings
St. Helena Gold Mines Limited Registration No. 05/20743/06	Wednesday 25 April 1990 at 14h00
Stilfontein Gold Mining Company Limited Registration No. 05/33412/06	Wednesday 25 April 1990 at 14h30
West Rand Consolidated Mines Limited Registration No. 01/01978/06	Wednesday 25 April 1990 at 14h45
The Grootvlei Proprietary Mines Limited Registration No. 01/02088/06	Wednesday 25 April 1990 at 15h00

Holders of West Rand Consolidated Mines Limited share warrants to bearer may obtain copies of the annual report from 30 Ely Place, London EC1N 6UA.

30 Ely Place
London, EC1N 6UA
3 April 1990

per pro. Gencor (U.K.) Limited
London Secretaries
L.J. Baines

CLAL FINANCE NV
US $20,000,000
GUARANTEED FLOATING RATE NOTES 1995

The interest rate applicable to the above Notes in respect of the period commencing the 30th March 1990 will be 9.4375% per annum.

The interest amounting to US $238.56 per $5,000 principal amount and US$477.12 per $10,000 principal amount of the Notes will be paid on the 28th September 1990 against presentation of Coupon No. 5.

BANK HAPOALIM B.M.
Agent Bank

LEGAL NOTICES

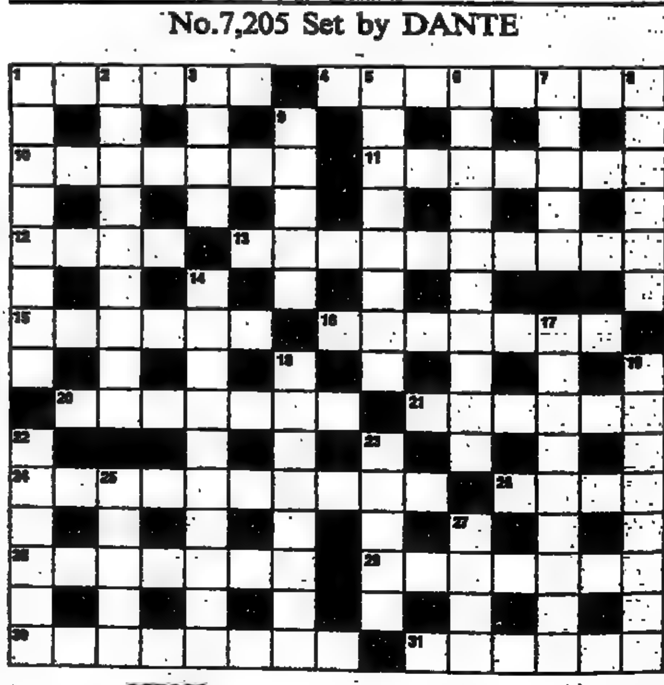
TRENT VALLEY PRINTERS LIMITED

Registered number: 1917536
Nature of business: Holding company for Group of Printing Business
Trade classification: 10
Date of appointment of joint administrative receivers: 28 March 1990
Name of person appointing the joint administrative receivers: National Westminster Bank PLC
JOHN FREDERICK POWELL and CHRISTOPHER JOHN HUGHES
Joint Administrative Receivers
(Office holder nos 249 and 141) of Cork Gully
43 Temple Row
Birmingham B2 5JT

JOTTER PAD

CROSSWORD

No.7,205 Set by DANTE



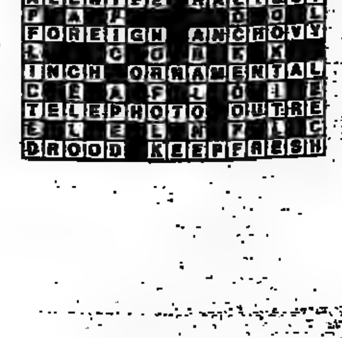
ACROSS

1 What many, in panic, make themselves (6)
4 Expires, broken by a wager and disease (8)
10 An inquiry into the cause of being late (7)
11 Ruin a runaway affair (7)
12 Vessel for the Sunday joint (4)
13 Fruit for a chaperon? (10)
15 Get the boat in somehow (6)
16 A payout in Washington? (7)
20 They tell us how to write endless bad verse, perhaps (7)
21 But not how boxers settle matters (6)
24 A case for making a charge (10)
26 Settles in the French country (4)
28 Go down to see master degree (7)
29 It's disturbing having the wrong spirit in work (7)
30 One living on another camp for airborne troops? (8)
31 Seem a very quiet listener (6)

DOWN

1 Being careless, tumbles over the coal scuttle (8)
2 Current left off, having been discharged (9)
3 A musical character to have on the staff (4)
5 Maintained unusual tidiness (8)
6 Fly policeman? (10)
7 It's light and narrow (5)
8 Stragglers revealed in street lights (6)
9 A bench to put in the sun (5)
14 Sundry charges for amusements (10)
17 Laze or tan in resort known for winter and summer sun (9)
18 Withdraw a summary (8)
19 Referee criticised by Ruskin (8)
22 Broke out of purdah (4-2)
23 It is held by a girl in a musical (5)
25 Saucy thing to cut (5)
27 Cut the corn (4)

Solution to Puzzle No.7,204



WORLD STOCK MARKETS

AUSTRIA

April 2	Sch.	+ or −
[illegible]	[illegible]	[illegible]

BELGIUM/LUXEMBOURG

April 2	Frs.	+ or −
[illegible]	[illegible]	[illegible]

DENMARK

April 2	Kr.	+ or −
[illegible]	[illegible]	[illegible]

FINLAND

April 2	Mks.	+ or −
[illegible]	[illegible]	[illegible]

FRANCE

April 2	Frs.	+ or −
[illegible]	[illegible]	[illegible]

FRANCE (continued)

April 2	Frs.	+ or −
[illegible]	[illegible]	[illegible]

GERMANY

April 2	Dm.	+ or −
[illegible]	[illegible]	[illegible]

GERMANY (continued)

April 2	Dm.	+ or −
[illegible]	[illegible]	[illegible]

ITALY

April 2	Lire	+ or −
[illegible]	[illegible]	[illegible]

ITALY (continued)

April 2	Lire	+ or −
[illegible]	[illegible]	[illegible]

NETHERLANDS

April 2	Fls.	+ or −
[illegible]	[illegible]	[illegible]

NORWAY

April 2	Kroner	+ or −
[illegible]	[illegible]	[illegible]

SPAIN

April 2	Pts.	+ or −
[illegible]	[illegible]	[illegible]

SWEDEN

April 2	Kronor	+ or −
[illegible]	[illegible]	[illegible]

SWITZERLAND

April 2	Frs.	+ or −
[illegible]	[illegible]	[illegible]

SOUTH AFRICA †

March 30	Rand	+ or −
[illegible]	[illegible]	[illegible]

JAPAN

April 2	Yen	+ or −
[illegible]	[illegible]	[illegible]

AUSTRALIA

April 2	Aust.$	+ or −
[illegible]	[illegible]	[illegible]

AUSTRALIA (continued)

April 2	Aust.$	+ or −
[illegible]	[illegible]	[illegible]

HONG KONG

April 2	H.K.$	+ or −
[illegible]	[illegible]	[illegible]

MALAYSIA

April 2	MYR	+ or −
[illegible]	[illegible]	[illegible]

SINGAPORE

April 2	S$	+ or −
[illegible]	[illegible]	[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) Unavailable. [illegible] (South African prices unavailable due to problems at source.)

CANADA

TORONTO
2pm prices April 2

Quotations in cents unless marked $.

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25582	CTire A f	$22	21¾	21⅞	− ⅛
2000	Cubit A f	$19⅝	19⅝	19⅝	
100	Cubit B	$19⅝	19¾	19¾	
7700	Candmax o	205	195	195	− 5
100	CanemA f	485	485	485	− 5
4128	Cantor	$20⅝	20⅝	20⅝	
2100	Cepron A	$19	18½	19	+7½
1050	Cara	$16	15¾	16	
800	Carena	$22¾	22½	22½	− ½
150	Cascades	440	440	440	− 5
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
100	Harris A	$5¾	5⅛	5⅛	+ ⅛
50	Hawker	$25	25	25	
1035	Hayes D	$11⅝	11⅝	11⅝	
3500	Hees Intl	$25¾	25⅝	25⅝	− ⅛
63220	Hemlo	$14⅝	14⅛	14⅛	− ⅛
1200	Hollinger	$12½	12½	12½	− ⅛
22780	Horsham f	$10⅛	10	10	− ⅛
507	H BayMn s	$7½	7½	7½	
100	H Bay Co	$30⅞	30⅞	30⅞	− ⅛
15852	Imasco L	$35¾	35⅝	35¾	− ⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1241	PWA Corp	[illegible]	[illegible]	[illegible]	[illegible]
819100	Pgurin A f	8	7⅞	8	
2000	Pamour	240	230	230	− 30
2300	PanCan P	$28	28	28	
8712	Pegasus	$12⅛	12⅛	12⅛	− ⅛
500	PJewl A f	$13¾	13¾	13¾	
33458	Pioneer M	26	24	24	− 1
209108	Placer Dm	$19⅞	19⅝	19⅝	− ⅛
8045	Poco Pet	$7¼	7⅛	7⅛	
7300	Powr Cor f	$15⅛	15⅛	15⅛	− ⅛
1400	Powr Fin	$19⅞	19⅛	19⅛	− ½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3800	Videotrn f	$13	12⅞	12⅞	− ⅛
10833	WIC B f	$12⅝	12⅝	12⅝	− ⅛
1400	Weldwood	$17⅛	17½	17⅛	
700	Wst Fraser	$18⅝	18⅝	18⅝	+ ⅛
7900	Wcoast E	$22	21¾	21¾	
1450	Weston	$38½	38¼	38½	− ⅛
5744	Woodwd A	190	190	190	

f—No voting rights or restricted voting rights.

INDICES

NEW YORK

DOW JONES	Mar 30	Mar 29	Mar 28	Mar 27	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2707.21	2727.70	2743.69	2736.94	2810.15 (2/1)	2543.24 (30/1)	2810.15 (2/1/90)	41.22 (2/7/32)
Home Bonds	(u)	90.71	90.88	90.90	93.04 (3/1)	90.30 (29/3)	—	—
Transport	1183.14	1182.25	1189.90	1192.57	1201.10 (2/1)	1031.83 (30/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	214.66	214.35	214.66	215.04	236.23 (2/1)	212.90 (22/3)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2736.71 (2753.38) Low 2692.34 (2711.49)

STANDARD AND POOR'S

	Mar 30	Mar 29	Mar 28	Mar 27	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	339.94	340.79	342.00	341.50	359.69 (2/1)	322.98 (30/1)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	394.18	395.42	396.81	396.48	411.20 (2/1)	371.92 (30/1)	411.20 (2/1/90)	3.62 (21/6/32)
Financial	27.95	28.06	28.20	28.06	31.87 (3/1)	27.31 (30/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	186.85	187.17	187.77	187.40	198.00 (2/1)	178.43 (30/1)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	361.75	360.23	361.23	361.88	382.45 (5/1)	345.50 (30/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	435.54	435.43	436.69	439.50	460.90 (3/1)	410.72 (30/1)	485.73 (9/10/89)	54.87 (31/10/72)

	Mar 23	Mar 16	Mar 9	year ago (approx.)
Dow Industrial Div. Yield	4.06	4.00	4.08	3.78

	Mar 28	Mar 21	Mar 14	year ago (approx.)
S & P Industrial div. yield	3.04	3.05	3.09	3.21
S & P Indl. P/E ratio	15.07	14.97	14.80	12.84

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Amax	2,381,600	27⅞	− 1⅛
Citicorp	1,653,300	23	− ⅛
Unocal Corp	1,630,900	31⅞	+ ⅛
LA Gear	1,560,900	38⅞	+ 1⅞
Bartiel Corp	1,448,500	10⅞	+ ⅛
IBM	1,426,000	106⅛	+ ⅛
Gen Electric	1,419,200	64⅞	− ⅛
Am Express	1,418,400	25⅞	− ⅛
Philip Morris	1,402,900	39⅞	− ⅛
Manfc. Hanover	1,372,600	32⅞	− ⅛

TRADING ACTIVITY

† Volume (Millions)	Mar 30	Mar 29	Mar 28
New York	133.484	132.190	143.244
Amex	11.546	10.431	9.927
NASDAQ	(u)	124.188	132.692
Issues Traded	1,942	1,945	1,972
Rises	722	576	700
Falls	723	858	720
Unchanged	497	511	552
New Highs	11	18	22
New Lows	42	34	47

CANADA

TORONTO	Mar 30	Mar 29	Mar 28	Mar 27	1990 HIGH	1990 LOW
Metals & Minerals	3125.70	3176.60	3174.90	3170.70	3453.05 (4/1)	2921.03 (23/2)
Composite	3639.60	3665.90	3677.40	3678.50	4009.47 (3/1)	3639.60 (30/3)
MONTREAL Portfolio	1880.74	1892.51	1901.23	1898.79	2060.90 (3/1)	1852.36 (23/2)

Base values of all Indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Apr 2	Mar 30	Mar 29	Mar 28	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1507.1	1535.8	1547.1	1557.9	1713.7 (12/1)	1507.1 (2/4)
All Mining (1/1/80)	774.9	789.4	793.5	799.5	860.8 (5/1)	774.9 (2/4)
AUSTRIA						
Credit Aktien (30/12/84)	694.14	676.56	665.77	647.68	703.29 (19/3)	526.59 (2/1)
BELGIUM						
Brussels SE (1/1/80)	6091.98	6134.66	6149.20	6160.10	6599.43 (12/1)	5568.16 (26/2)
DENMARK						
Copenhagen SE (3/1/83)	378.57	380.47	380.23	380.47	380.47 (28/3)	358.77 (2/1)
FINLAND						
Unitas General (1975)	605.2	617.1	610.5	609.9	677.3 (23/1)	590.5 (2/1)
FRANCE						
CAC General (31/12/82)	522.41	521.15	520.15	520.05	554.7 (5/1)	482.94 (26/2)
CAC 40 (31/12/87)	1947.18	1971.79	1947.23	1939.33	2006.42 (4/1)	1800.32 (26/2)
GERMANY						
FAZ Aktien (31/12/58)	817.68	830.15	826.26	811.96	830.15 (30/3)	732.71 (24/1)
Commerzbank (1/12/53)	2374.8	2403.1	2398.5	2356.1	2403.1 (30/3)	2151.5 (24/1)
DAX (30/12/87)	1931.30	1968.55	1953.89	1928.60	1968.55 (30/3)	1756.41 (24/1)
HONG KONG						
Hang Seng Bank (31/7/64)	2934.70	2997.98	3000.52	2990.70	3014.02 (26/3)	2738.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	1727.22	1750.51	1757.82	1756.01	1893.10 (22/1)	1723.93 (8/3)
ITALY						
Banca Com. Ital. (1972)	663.14	680.86	677.81	674.58	707.41 (12/1)	646.73 (26/2)
JAPAN						
Nikkei (16/5/49)	28002.07	29980.45	31026.16	31263.57	38712.88 (4/1)	28002.07 (2/4)
Tokyo SE (Topix) (4/1/68)	2069.33	2227.48	2286.85	2306.85	2867.70 (4/1)	2069.33 (2/4)
2nd Section (4/1/68)	3663.11	3817.90	3855.35	3844.25	4284.68 (9/2)	3663.11 (2/4)
MALAYSIA						
KLSE Composite (4/4/86)	565.92	583.68	585.04	592.95	622.20 (20/2)	558.07 (24/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	254.3	257.9	257.8	257.5	269.0 (3/1)	240.1 (26/2)
CBS All Shr (End 1983)	195.1	197.8	197.8	197.5	206.3 (3/1)	184.2 (26/2)
NORWAY						
Oslo SE (2/1/83)	797.60	818.48	824.07	831.52	845.40 (16/3)	701.67 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	1089.70	1099.31	1098.18	1120.31	1160.70 (21/3)	1014.09 (5/3)
SINGAPORE						
SES All-Singapore (2/4/75)	422.66	431.77	434.82	438.07	443.34 (6/2)	413.64 (24/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1867.0	1960.0	1971.0	1975.0	2230.0 (16/1)	1857.0 (26/2)
JSE Industrial (28/9/78)	2906.0	2976.0	2987.0	2987.0	3211.0 (6/2)	2795.0 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	838.29	845.84	824.59	819.04	928.82 (4/1)	819.04 (28/3)
SPAIN						
Madrid SE (30/12/85)	248.17	254.04	256.50	257.78	302.85 (4/1)	248.17 (2/4)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1127.28	1142.20	1147.40	1149.30	1317.88 (12/1)	1127.20 (2/4)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	738.0	(c)	747.2	739.9	787.2 (11/1)	737.6 (27/3)
TAIWAN**						
Weighted Price (30/6/66)	11163.49	10512.39	(c)	10447.87	12495.34 (10/2)	9805.40 (9/1)
THAILAND						
Bangkok SET (30/4/75)	853.74	851.55	845.28	832.69	918.67 (5/1)	760.39 (7/2)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	488.8	489.5	489.8	571.8 (4/1)	488.6 (21/3)

**Saturday Mar. 31: Taiwan Weighted Price: 10755.87 Korea Comp Ex. 840.89

♦ Subject to official recalculation.

§Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Monday April 2 1990

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	21.9m	485	-55
Hitachi	18.8m	1,500	-90
NEC	13.2m	2,030	-60
Kawasaki Steel	10.4m	480	-29
NKK	10.3m	470	-30
Toshiba	9.5m	1,020	-40
Sumitomo Metal	8.1m	480	-59
Mitsubishi Hvy I.	7.8m	792	-78
Canon	7.4m	1,890	-90
Kobe Steel	6.8m	495	-60

3pm prices April 2

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
37½	29½	AAR	.48	1.6	18	83	29⅞	29⅞	29¾	– ⅛
9⅝	8½	ACM n	1.01	11.		123	9¼	9⅛	9¼	+ ⅛
11⅜	10½	ACMIn	1.26	11.		392	11	10⅞	11	+ ⅛
9⅛	7¾	ACM M	n1.01	13.		193	8⅛	8	8	– ⅛
12⅛	11⅜	ACMMM				76	11⅝	11½	11⅝	+ ⅛
11½	10	ACM Sc	1.26	12.		432	10⅝	10⅝	10⅝	
9⅝	8⅛	ACMSp	1.01	12.		1043	8⅝	8⅝	8⅝	
22⅝	13	AL Lab	.16	.7	21	163	22⅛	21¾	22⅛	+ ⅛
4⅛	3⅛	AMCA	.12e	3.8	39	2	3⅛	3⅛	3⅛	
6⅛	2⅞	AM Intl			10	156	2⅞	d 2¾	2⅞	
23½	16⅝	AM In pf	2	12.		9	16½	16½	16½	– ⅛
107¾	52½	AMR			9	2838	64¼	63⅝	64⅛	– ⅛
5⅛	3⅛	ARX				12	3½	3⅜	3⅛	+ ⅛
72¾	39	ASA	3a	5.9		1271	51⅝	50	50¾	– 1⅞
70⅛	53¼	AbtLab	1.68	2.6	17	2065	65¼	65¼	65¼	– ½
17⅛	11¼	Abitibi g	.50			11	13⅛	13⅛	13⅛	
13	8⅞	AcmeC	.40	4.2	11	88	9⅝	9⅝	9⅝	
9¾	7	AcmeE	.32	3.5	12	30	9⅛	9⅛	9⅛	+ ⅛
38½	28⅛	Acuson			22	337	35½	35⅜	35⅜	– ⅛
19½	13⅛	AdaEx	2.06e	13.		91	15⅝	15½	15⅝	
15⅝	7⅞	Adobe				139	13⅛	12⅞	12⅞	– ⅜
10½	6⅞	AMD			21	4671	9⅛	8⅞	9⅛	
35	28¼	AMD pf	3	9.6		82	31½	31¼	31¼	
10⅛	5	Advest	.16	3.0	7	183	5½	5¼	5⅜	– ⅛
62½	48⅞	AetnLf	2.76	5.5	9	805	49⅞	49⅝	49⅞	– ⅛
14	9⅞	AfilPb	.24	2.3		63	10½	10⅜	10½	
25	16⅝	Ahmans	.88	5.1	9	913	17½	17⅛	17⅛	– ⅜
3⅞	2	Aileen				23	2	2	2	
53⅛	40	AirPrd	1.32	2.6	13	1980	51⅞	51⅛	51½	– ⅜
47⅞	22⅞	AirbFrt	.60	1.3	16	362	47½	47⅛	47¼	– ⅜
25⅛	15½	Airgas			15	51	19½	18⅞	18½	– ⅛
20¼	16⅞	Airlease	2.40	13.	9	58	18	17¾	17⅞	
10⅛	8⅝	AlaP	dpf.87	9.1		5	9⅝	9½	9⅝	+ ⅛
93	81	AlaP pf	8.16	9.3		z100	88	88	88	+2
30½	19¼	AlskAir	.20	.8	9	179	23⅞	23½	23⅝	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 43

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Chng
12½	6⅝	Zemex				1	7⅛	7⅛	7⅛	− ⅛
21¼	7⅝	ZenithE				687	11	10⅝	10⅝	− ⅜
21½	14	ZenNt	.84	4.7	9	41	18⅛	17⅞	17⅞	− ⅛
9¾	5⅝	Zenix	.99	16.		165	6⅛	6	6⅛	+ ⅛
16½	13	Zero s	.40	3.0	13	49	13⅝	13⅛	13⅝	
44¼	27½	Zurnin	.76	1.9	15	109	40⅞	40⅜	40⅜	− ⅜
12⅞	10½	Zweig	1.21e	10.		420	12	11⅞	11⅞	
10	9⅜	ZweigTl	.96	10.		786	9½	9⅜	9½	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices April 2

NASDAQ NATIONAL MARKET

3pm prices April 2

Stock	Div.	P/E	Sales 100s	High	Low	Last	Chng
A&W Bd		26	146	30¼	29¾	30	
ACC Cp	.16	21	x20	9	8⅞	9	
ADC		16	70	22	21½	21½	− ½
ADT		10	5370	30⅞	30½	30¾	− ⅛
ASK		13	332	9⅛	8¾	8¾	− ¼
AST		152	483	16¾	16¼	16¾	
Actaim s			439	10¼	9⅞	10¼	− ⅛
AcmeSt		5	67	16½	15¾	16¼	
ActARt	t	11	646	6¼	5⅞	6	− ¼
Acxiom		19	78	22¼	21¾	22¼	− ¼
AdactLb	.16	6	2960	2	1⅞	1⅞	
Adapt		18	1481	21⅛	20½	20⅝	− ⅞

MOTOR CARS

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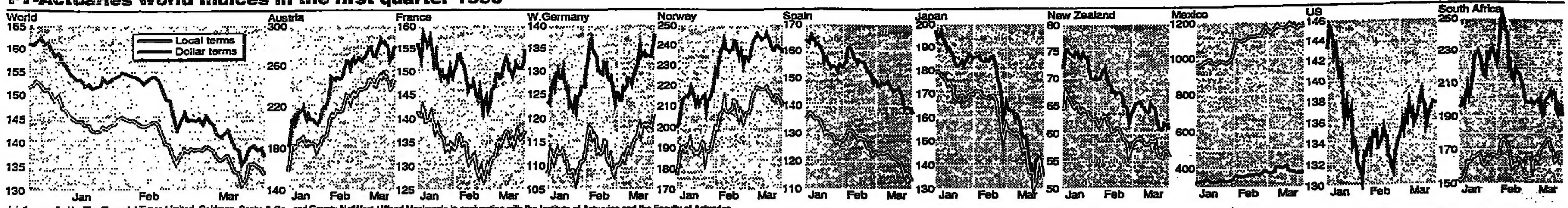
FT-Actuaries World Indices in the first quarter 1990



Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest / Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

ASIA PACIFIC

Nikkei falls nearly 2,000 in latest nosedive

Tokyo

STOCK PRICES went into a nosedive yesterday, with the Nikkei index recording its second largest drop ever. There was growing concern about high interest rates, the weakening yen and a report, later denied, that Japanese insurance companies were systematically reducing their holdings of bank shares, *writes Martina Gannon in Tokyo.*

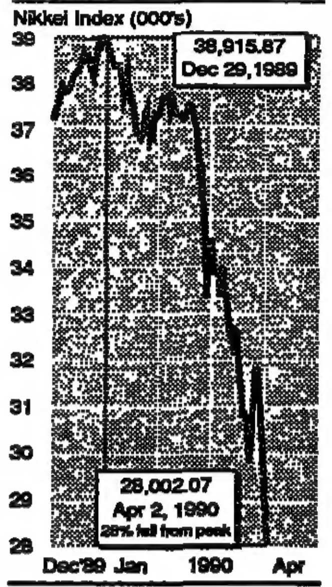
The Nikkei average plummeted 1,978.38, or 6.6 per cent, to close at its low for the day of 28,002.07 – its steepest decline since just after New York's Black Monday crash in October 1987, when the Nikkei dropped 3,936.48 points. It had fallen steadily throughout the day, after opening below the 30,000 level, on unremittingly bearish sentiment. The day's high was its opening level of 29,979.96.

The broad-based Topix index also fell sharply, closing at 2,069.33, down 158.15 points or 7.1 per cent. In London trading, however, the ISE/Nikkei 50 index rose 9.24 to 1,564.98, closing at its high for the day.

Declines outnumbered advances by 928 to 10, with 19 issues unchanged. The day's volume in the first section was low, down from 500m to 450m.

Investors, both individual and institutional, appeared to panic after reading a report in Nihon Keizai Shimbun, Japan's leading daily business newspaper, that life and non-life insurers planned to sell large amounts of their long-held equities by the end of fiscal 1990 to reduce the percentage of shares in their total portfolios. The proportion had apparently risen close to the 30 per cent ceiling set by the Ministry of Finance. Mr Masao Tsuji, a director of Dai-ichi Mutual Life, denied the rumours.

Japan



The market's bearish sentiment was also fuelled by the yen's plunge on the Tokyo currency market to Y160 to the dollar, for the first time in three years and three months.

There was a hint of bargain-hunting at the beginning of the afternoon, but the morning's panic selling soon resumed as nervous players tried to offload stocks in a hurry, brokers said.

Big steel companies and shipbuilders were sold heavily in the afternoon, with Kawasaki Steel dropping Y29 to Y490, Mitsubishi Heavy Industries losing Y78 to Y792 and Sumitomo Metal Industries falling Y59 to Y480.

Other losers were high-technology stocks. Both Canon and NEC plummeted Y90, to Y1,590 and Y2,030 respectively.

In Osaka, the OSE average also posted its second largest fall ever, to finish at 30,231.98, down 1,942.82. Players kept to the sidelines due to the yen's weakness and many issues remained in asked quotations with no buy orders. Volume was 42m shares.

Roundup

MOST markets fell heavily following Tokyo's slide, with the exception of Taiwan, which heard on Saturday that the Government planned to speed up its privatisation plans.

TAIWAN rose sharply on news that the Government had authorised the sale to the public of 46.34m shares in Chang Hwa Commercial Bank, First Commercial Bank and Hua Nan Commercial Bank. The announcement sparked a rally in financial stocks, which in turn led the market higher.

Chang Hwa Commercial Bank rose NT$45 to NT$692, First Commercial Bank advanced NT$47 to NT$724 and Hua Nan Commercial Bank firmed NT$50 to NT$770.

The weighted index built on Saturday's gain of 243.68 points, closing 407.62, or 3.8 per cent, higher at 11,163.49. Trading volume rose to 1.33bn shares valued at NT$137.8bn from 949m shares worth NT$94.36bn on Saturday.

AUSTRALIA was driven down by Tokyo and by a firmer local dollar, which undermined commodity exporters. The All Ordinaries index fell 28.7, or 1.9 per cent, to 1,507.1, its lowest level since July 1988, and turnover fell to 57m shares valued at A$132m from 112m and A$318m on Friday.

ANZ fell 14 cents, or 2.7 per cent, to A$5.22 after saying that it would pay A$3.4bn for a 51 per cent stake in National Mutual Life, Australia's second largest insurance and fund management group. ANZ was the most actively traded stock, with 3m shares changing hands. ANZ's drop weighed on other bank stocks.

NEW ZEALAND was depressed by Tokyo and by the prospect that domestic interest rates would stay high and that economic growth was slowing. The Barclays index, at its lowest level for more than two years, fell 12.34 to 1,706.12.

One of the biggest falls of the day was by Air New Zealand, which lost 13 cents, or 7.4 per cent, to NZ$1.65 on threats of an industrial dispute. But Brierley Investments, which owns 35 per cent of Air New Zealand, was little changed, adding 1 cent to NZ$1.47.

HONG KONG experienced its biggest fall in five weeks in response to Friday's rise in domestic interest rates and to Tokyo's fall. The Hang Seng index lost 63.28, or 2.1 per cent, to 2,934.70 and turnover fell to its lowest levels for two weeks, dropping to HK$1.2bn from HK$1.4bn on Friday.

SEOUL initially rose on rumours of interest rate cuts, but later succumbed to profit-taking. The composite index fell 2.60 to 839.29.

SINGAPORE and KUALA LUMPUR both declined after the sell-off in Tokyo, but turnover was thin. In Singapore, the Straits Times index fell 31.89 to 1,549.19, while in Kuala Lumpur the composite index shed 17.68 to 565.92.

SOUTH AFRICA

JOHANNESBURG was shaken by falls in overseas markets and by increasing violence at home. The all-share index fell 105 to 3,152 and the gold index lost 93 to 1,867. Vaal Reefs fell R20 to R378 and De Beers eased R3.75 to R83.25.

EUROPE

Leading bourses look to the Orient

LEADING continental markets, which had tended to show some independence from Tokyo this year, paid a little more attention to Japan yesterday, *writes Our Markets Staff.*

FRANKFURT responded to Tokyo with professional selling as traders who were expecting a rise to 2,000 in the DAX index realised that this might take a little more time than their positions allowed. A 1.5 per cent fall in the FAZ to 817.68 stretched to 1.9 per cent in the DAX, which closed 37.25 lower at 1,931.30.

However, London traders noted further plus and minus points. On the downside, they said, falls indicated by Tokyo were extended in Europe; Deutsche Bank, which traded at DM817 in Japan, dropped DM15 to DM809.50 on its home ground; more encouragingly, it rose DM3 in London after hours, although trading then was very thin.

Volume on the day fell from DM11bn to DM7.8bn, still high enough to suggest that there was a fair amount of investment business around. The same could be said for the drop of only DM5 to DM884.50 in Schering, which produced good results and a higher dividend for the market to bite on.

Generally, the big falls came in the blue chips, where there were good profits to be taken after a month-long rally. Apart from Deutsche Bank, Daimler fell DM25 to DM922 and Siemens DM16.50 to DM789.50.

An early rise in bond prices, leaving the average bond yield another 5 basis points lower at 8.68 per cent, was caused partly by relief about the Bundesbank's proposal of a one-for-two exchange rate for most East German accounts and financial transactions. It left the optimists looking for some response in equities today, if Tokyo permits.

PARIS was hamstrung by nervousness about Tokyo's overnight fall and Wall Street's lower opening, and was unable to celebrate a firmer bond market or a cut in the Bank of France intervention rate from 10 per cent to 9.75 per cent. The CAC 40 index dropped 24.61 to 1,947.18, although news of the rate cut lifted it above its low of 1,936.96. Turnover was thin at about FFr2.4bn, after Friday's FFr3bn.

The current pattern of trading was likely to continue until international markets stabilised, said one salesman. "Special situations will see their share prices ramped up in thin volume, and then suffer from heavy profit-taking when things turn shaky," he said.

Among speculative stocks, Paribas dropped FFr17 to FFr669, Lyonnaise des Eaux FFr12 to FFr635 and Ingenico, the electronics company, FFr12 to FFr141.50. Declining blue chips included Peugeot, which shed FFr16 to FFr830.

MILAN initially ignored falls in Tokyo and major European markets and rose in thin trading, but local brokers sourced this to intervention by the four large corporate groups. "If our market is able to ignore a 6 per cent fall in Tokyo, which is number one or two in the world in terms of size, it can only be thanks to intervention by the groups," one broker in Milan said. Shares lost ground during the session and the Comit index ended 0.72 lower at 683.14.

Turnover was low and was expected to stay so until after Easter. The flotation of Gottardo Ruffoni, a transport company, was over-subscribed on the first day of its subscription period.

AMSTERDAM was not impressed with the insurer Amev's announcement that it would merge with Groupe AG of Belgium, partly because of the lack of details offered by both companies. Analysts in London and Amsterdam said the merger would inevitably lead to earnings dilution and saw few immediate benefits. Amev was suspended after closing at Fl 60.50 on Friday.

Gains in the domestic bond market and improving sentiment over interest rates were largely ignored and the CBS tendency index fell 2.0 to 114.4 in moderate volume.

Textile retailer Macintosh was suspended at Friday's closing price of Fl 40.80 for news of a planned management buy-out at a subsequently indicated price of Fl 45 per share.

STOCKHOLM was beset in sluggish trade by fears that a proposed national wage pact might meet opposition from the unions. After the market closed, several large unions said they had rejected the proposal. The Affärsvärlden General index fell 14.8 to 1,127.2.

Heavy engineer Asea, which said it had bid SKr4.5bn for Incentive, the financial holding company, saw its free B shares fall SKr20 to SKr675. Volvo restricted B shares continued to fall, losing SKr10 to SKr330. Swedish car registrations fell 13.4 per cent in March with sales of all classes of Volvo models except the 400 showing declines.

ZURICH dropped 1.6 per cent in light trading, the Crédit Suisse index falling 9.4 to 581.6. Selling interest was described as unusually light although Alusuisse, SFr35 lower at SFr1,120, was briskly traded on reports that the company faces a strike at its Icelandic Straumsvik works.

MADRID fell further in thin trading. The general index lost 5.75 points, or 2.3 per cent, to 248.11 by the end of pit trading, with the banks leading losses.

BRUSSELS was depressed by Tokyo, and the cash market index lost 42.68 to 6,091. Groupe AG was suspended pending the announcement of the merger with Amev. It had closed at BFr11,800 on Friday.

Owing to pressures on space, the weekly Markets in Perspective column is being held over until tomorrow.

AMERICA

Dow stabilises following a plunge at the opening

Wall Street

THE PLUNGE in the Tokyo market overnight undermined US equities but, after a quick loss within minutes of the opening bell, prices stabilised in early trading yesterday, *writes Janet Bush in New York.*

At 2 pm, the Dow was 20.05 down at 2,687.16 on low volume of 78m shares. On Friday, the Dow had fallen 20.49 points.

Considering the potentially negative influences on the market, the morning's losses were relatively small, suggesting that the US market has to some extent decoupled from the turmoil in Japan.

The market was concerned, however, that first-quarter corporate earnings were set to be weak at a time when it was becoming more likely that the US Federal Reserve could tighten monetary policy.

In the minutes of the Federal Open Market Committee meeting previous to the one held last week, it was clear that only one committee member had favoured a further easing in policy; several, it appeared, were leaning towards tightening.

Given that the economic numbers since that meeting have been generally stronger than expected, there seems to be virtually no prospect of a further easing in interest rates.

Although it had little perceptible impact on trading, the US purchasing managers' report for March published yesterday leant support to the view that the economy is more robust than many had expected.

Purchasing managers reported a rise in their overall index to 48.8 per cent last month from 48.3 per cent in February to give the highest reading since last June.

Within the report, there were various strong components, such as the production index, which jumped 54.4 per cent, the highest level since April 1989. Prices declined in March for the 10th consecutive month, but the pace of decline was lower than in February.

The equity market can react in either direction to news of economic robustness. Either it can react with relief that the economy is not going into recession and that growth will therefore underpin corporate profitability, or it can react negatively to the fact that prospects for lower interest rates are dim.

A strong dollar overnight and a robust Treasury bond market helped equities to limit their losses. Treasuries registered modest gains at midsession in spite of the stronger-than-expected purchasing managers' report, although they came off their earlier highs as the dollar suffered from a bout of profit-taking. The US currency was quoted at Y159.10 at midsession, down from an earlier peak of Y160.30.

Blue chip issues were mostly lower. IBM was down $⅞ at $105⅝, Merck slipped $⅛ to $69⅝, General Electric dipped $⅜ to $63⅞ and Philip Morris was down $⅛ at $39⅛.

New Line Cinema jumped $1⅛ to $12 on the American Stock Exchange on news that its film, Teen-Age Mutant Ninja Turtles, had grossed about $26.2m at the box office over the weekend.

American General fell $2¼ to $36⅛ after it said that it had rejected the attempt by Torchmark to nominate a slate of directors to be considered at its annual meeting. Torchmark, which said that it was withdrawing its merger proposal, dipped $⅛ to $45⅝.

Fleet/Norstar Financial fell $⅝ to $21⅛. The company said that it expected to record a $90m gain for the first quarter from the sale of its credit card portfolio, but also that it expected to delay reporting its results until regulators had finished their current examination.

UAL added $⅛ to $161 on news that the airline holding company had been conferring with unions at the weekend in an attempt to reach agreement on an employee acquisition.

Canada

TORONTO steadied at lower levels at midday after a weak start due in response to Tokyo's fall and uncertainty about the direction of gold prices. The composite index opened 40.19 lower at 3,599.41 before recovering to 3,608.2 at midday.

Among gold stocks, Placer Dome fell ⅛ to C$19⅞ while and Lac Minerals eased ⅜ to C$13⅝. Cominco ignored news that the wildcat strike at its Highland Valley copper mine was over and fell ⅛ to C$25.

Royal Bank, which has sold its 50 per cent stake in National Mutal Royal Bank to ANZ of Australia for about C$176m, lost ⅛ to C$22⅛ after the news.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY MARCH 30 1990						THURSDAY MARCH 29 1990			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989/90 High	1989/90 Low	Year ago (approx)
Australia (82)	135.64	−0.2	122.06	119.67	−0.5	5.78	135.97	123.45	120.23	160.41	128.28	134.91
Austria (19)	278.78	+0.7	250.87	245.84	+0.7	1.08	276.85	251.35	244.25	285.63	92.84	111.15
Belgium (61)	147.02	−0.3	132.31	127.26	−0.3	4.40	147.46	133.88	127.64	160.02	125.58	129.45
Canada (120)	140.52	−0.5	126.46	119.10	−0.8	3.39	141.17	128.16	120.01	154.17	124.67	134.35
Denmark (36)	258.64	+0.1	232.76	227.25	−0.2	1.41	258.26	234.47	227.70	260.82	165.35	169.27
Finland (26)	139.82	+0.9	125.82	117.65	+0.8	2.55	138.54	125.78	116.66	159.16	118.63	149.70
France (125)	154.61	+1.6	139.13	137.69	+1.0	2.77	152.11	138.10	136.30	157.97	112.57	115.39
West Germany (96)	137.71	+1.1	123.92	120.81	+0.5	1.77	136.22	123.67	120.21	137.71	79.56	82.77
Hong Kong (46)	123.37	+0.0	111.02	123.68	−0.1	5.01	123.39	112.02	123.77	140.33	88.41	126.86
Ireland (17)	188.33	−0.3	169.48	167.84	−0.5	2.50	188.81	171.42	168.76	198.57	125.00	140.27
Italy (96)	97.82	+1.4	88.03	90.81	+0.9	2.55	96.43	87.55	90.04	102.11	74.97	81.40
Japan (455)	135.50	−3.3	121.93	134.73	−2.8	0.61	140.13	127.23	138.67	200.11	133.57	186.87
Malaysia (36)	227.62	−0.4	204.84	239.06	−0.4	2.27	228.61	207.56	240.10	245.32	143.35	182.50
Mexico (13)	385.33	+0.0	346.76	1169.94	+0.0	0.44	385.23	349.75	1169.45	409.41	153.32	166.05
Netherland (43)	140.49	+0.5	126.42	121.89	+0.0	4.59	139.72	126.85	121.87	145.86	110.63	118.30
New Zealand (17)	60.46	−1.9	54.41	55.42	−2.1	7.92	61.65	55.97	56.62	88.18	60.44	68.68
Norway (24)	235.63	−0.8	212.05	209.89	−0.9	1.66	237.59	215.71	211.87	245.90	139.92	175.23
Singapore (26)	193.86	−0.6	174.46	168.36	−0.7	1.74	195.09	177.12	169.51	199.38	124.57	145.59
South Africa (60)	190.46	−2.9	171.40	168.22	−0.5	3.51	196.10	178.04	169.10	251.39	115.35	139.13
Spain (43)	136.99	−0.9	123.28	112.86	−0.9	4.73	138.29	125.56	113.83	169.75	136.99	146.08
Sweden (35)	176.27	−0.7	158.62	159.76	−0.9	2.47	177.42	161.08	161.14	206.95	138.45	157.92
Switzerland (63)	91.50	+0.8	82.34	84.78	+0.3	2.31	90.79	82.43	84.54	99.12	67.81	74.06
United Kingdom (306)	150.32	+0.4	135.28	135.28	−0.5	4.86	149.75	135.96	135.96	164.31	133.28	146.14
USA (540)	137.42	−0.3	123.67	137.42	−0.3	3.49	137.77	125.08	137.77	146.29	112.13	120.06
Europe (990)	140.80	+0.7	126.70	124.88	+0.0	3.53	139.84	126.96	124.82	146.66	112.63	117.42
Nordic (121)	189.21	−0.3	170.27	162.33	−0.5	1.94	189.69	172.22	163.15	201.89	137.95	150.23
Pacific Basin (664)	135.06	−3.1	121.54	133.65	−2.7	0.95	139.36	126.53	137.32	194.72	133.29	184.07
Euro – Pacific (1654)	137.74	−1.6	123.95	130.79	−1.6	2.02	139.91	127.02	132.87	174.18	135.46	157.41
North America (660)	137.51	−0.3	123.75	136.24	−0.3	3.49	137.88	125.18	136.63	146.66	112.79	120.82
Europe Ex. UK (684)	133.26	+0.9	119.92	118.12	+0.4	2.70	132.10	119.93	117.66	135.73	96.30	99.63
Pacific Ex. Japan (209)	129.11	−0.3	116.19	117.83	−0.4	5.12	129.50	117.57	118.36	140.05	111.93	126.56
World Ex. US (1847)	138.48	−1.5	124.62	131.11	−1.5	2.08	140.63	127.68	133.13	173.77	136.48	156.43
World Ex. UK (2081)	135.74	−1.2	122.15	132.89	−1.1	2.33	137.45	124.79	134.43	162.00	134.02	141.98
World Ex. So. Af. (2327)	136.70	−1.1	123.02	132.83	−1.1	2.57	138.18	125.46	134.29	161.84	134.71	142.36
World Ex. Japan (1932)	139.20	+0.1	125.27	132.30	−0.2	3.56	139.11	126.30	132.51	145.52	114.51	120.02
The World Index (2387)	137.02	−1.1	123.31	133.08	−1.1	2.58	138.53	125.77	134.53	182.05	135.13	142.34

Constituent changes 2/4/90: Deletion: Taiyo Kobe Bank (Japan). Name change: Blue Arrow to Manpower (UK.)
Latest prices were unavailable for this edition.